

GOVERNMENT THAT WORKS!
NEW JERSEY DEPARTMENT OF TREASURY
LOCAL GOVERNMENT BUDGET REVIEW

GLASSBORO BOARD OF EDUCATION

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Glassboro Board of Education. Budget Review Team

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them--have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

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THE REVIEW PROCESS

In order for a community or school district to participate in the Local Government Budget Review (LGBR) program, a majority of the elected officials must request a review by the LGBR through a public resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and to agree to an open public presentation of the review team's findings and recommendations.

As part of the review of the Glassboro Public Schools, review team members interviewed board of education members, central and school building administrators, supervisors and directors, teachers, district employees, association officers, parents, local elected and appointed officials, students, county and state educational personnel, vendors, professional service persons, Rowan University officials and community members. Approximately 100 individuals were interviewed in all. The review team received full cooperation from the superintendent and district staff, elected officials, community members and all others interviewed. It was a pleasure to work with the people of Glassboro.

Many documents were reviewed including budget statements, audit reports, annual financial statements (CAFR), collective bargaining agreements, various reports to the state, monitoring report, payroll records, personnel records and files, vendor and account analyses, board policies, meeting agendas and minutes, long range plans and numerous other documents. The review team visited all school sites and observed work procedures throughout the district. Team members observed board of education meetings, committee and community advisory meetings and other meetings during the term of its field work.

This report is prepared on the basis of data collected during the period of October and November 1996 and thus, findings constitute the information as it existed during that time. The LGBR acknowledges that some changes may occur between the time of its field work and date of presentation.

Where possible, the potential fiscal impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or tax rate. These estimates have been developed in an effort to provide the district with an indication of the potential magnitude of each issue and the savings or cost to the community. We recognize that all of these recommendations can not be accomplished immediately and some of the savings will occur only in the first year. Others may be ongoing annual savings. Several of the recommendations will require negotiations through the collective bargaining process. We believe the estimates are conservative and achievable.

In addition to the Findings and Recommendations section, this report contains two sections entitled Best Practices and Statutory and Regulatory Reform. Best Practices identifies areas that the district does exceptionally well and cost effectively that may be replicated by other school districts. Statutory and Regulatory Reform identifies areas where state laws and rules may cause inefficiencies and that may be considered for change.

It is with the cooperative spirit exhibited by the people of Glassboro the review team anticipates most to accept its findings and recommendations.

COMMUNITY OVERVIEW

The community of Glassboro is located in southern New Jersey in the center of Gloucester County. It is the home of Rowan University, formerly Glassboro State College, and is easily accessible to Philadelphia (25 minutes) and the New Jersey shore (50 minutes) via Route 55 which is nearby. It is bisected north and south by Route 47 (Delsea Drive) and east and west by Route 322. With the exception to the town of Pitman being adjacent to the community to the north, Glassboro is surrounded by predominately rural townships. The borough encompasses an area of 9.2 square miles.

Glassboro is a growing community with a current population of approximately 16,700 residents. The population swells by up to an additional 9,600 persons daily when the college is in session. In 1970 there were 12,938 residents. In 1980 there were 14,574 residents and in 1990 the population was 15,614 people. The most recent US Bureau of the Census reflected in the 1994 New Jersey Legislative District Data Book estimated the population to be 17,384 people. This reflects a population density of nearly 2,000 persons per square mile.

This growing population has impacted dramatically upon the school enrollment over the years. The current (September, 1996) total enrollment including pre-school, special education and alternative education programs is 2,434 students. In September 1990 there were 2,174 students. This represents an increase of 380 students during the 1990s reflecting a growth of 17.4% in enrollment. Unofficial school district projections indicate a leveling off with the enrollment in the year 2000 being an estimated 2,287 students.

Glassboro takes pride in its diversity. According to the 1990 census, the racial make-up of the community indicated that of the 15,614 residents 12,291 (78.7%) were white, 2,893 (18.5%) were black, 452 (2.9%) were of Hispanic origin, 234 (1.5%) were Asian/Pacific Islander and 196 (1.2%) were of other origins. Current (October 15, 1996) Department of Education (DOE) data reflects the population distribution in the schools to be quite different than these community percentages. School race distribution statistics have 60% white, 34% black, 3% Hispanic and 2.5% Asian or Pacific Islander. Age distribution of the population indicates that 15% are school age (5-18), 7% are under the age of five, 68% are between the ages of 18 and 64 and 10% are over age 65. The median age is 27.3 years. Of 5,341 reporting educational attainment, 34% are college graduates, 52 % are high school graduates and 13% had up to eight years of schooling.

The 1990 census reports that the median family income was \$39,852 with nearly 2,000 persons in poverty. Per capita income was \$12,684. The median value (1990) of a single family home was \$97,600. There were a total of 5,440 housing units; 3,012 being single family units and 2,045 being renter occupied. The high proportion of rental units can be attributed to the existence of the college and lower per capita income.

Glassboro is governed by a mayor and six council members. A newly created (Spring 1996) position of borough administrator serves as the executive officer of the community. He has responsibility for supervision of all borough employees (approximately 150) and operations.

The Glassboro School District has five schools and an administrative building. They also operate small satellite programs in neighborhood facilities. Glassboro High School housing grades 9 - 12 has a total of 619 students. Glassboro Intermediate School has 368 grade 7 and 8 students. Bowe School has 544 students in grades 4 - 6. Bullock School houses grades 1-3 with 620 students and Rodgers School has 279 children in its kindergarten and pre-school programs. This represents a total pre-kindergarten through twelfth enrollment of 2,434 students. Of this total, 754 students are eligible for free and 153 for reduced price meals. This represents just over 37% of the students coming from low income families. The district also has a high mobility rate of approximately 20% with students entering and leaving the district's schools.

Class sizes are for the most part in the upper twenties to some as large as 30-32 students. These larger classes exist throughout the district and are the norm in Glassboro. In Bowe School, where there is an open school configuration, students sit in some classes as large as the mid fifties with two teachers and other para-professional assistance.

According to the Comprehensive Annual Financial Report (CAFR) the district employs a total of 384 employees including a professional staff of 197 employees. Included also are a number of part time workers.

The district is rated as a B district in the State's socio-economic indicators grouping, District Factor Group (DFG). This places the district in the second poorest grouping with A districts being poorest and J districts most affluent. Of all of the B districts in the State, Glassboro has the second lowest cost per student. In publication of the Fall 1996 New Jersey School Report Card, Glassboro was identified as having the highest SAT test scores of school districts in the same DFG B category.

The district provides a diverse school curricular program with emphasis on providing assistance to students who require it. These include basic skills, Title programs, special education, alternative education programs as well as speech and other services. The district also has an adult education program.

LOCAL GOVERNMENT BUDGET REVIEW

EXECUTIVE SUMMARY

GLASSBORO BOARD OF EDUCATION

The Local Government Budget Review (LGBR) unit of the New Jersey Department of Treasury conducted an extensive study of the Glassboro Public Schools in response to a request by the Glassboro Board of Education. Some 32 areas including a number of sub-topics were reviewed with various recommendations for cost savings and/or managerial reform. Ten areas were selected to be recognized as best practices with others being commended in the findings. Six areas were listed as possible areas for State regulatory or statutory reform. Following is an executive summary of the findings and recommendations and related dollar savings, as appropriate. These savings are considered to be conservative estimates. Other savings opportunities and managerial changes are recommended that will result in additional uncalculated dollar savings.

1. Comparative Analyses

Statistical data of school districts comparable to Glassboro's Schools is provided as a basis for benchmarking and making many of the recommendations.

2. Organization

Suggestions are made relative to the administrative organization of the district in the areas of assistant principal support and overlap of responsibilities of central administration for board consideration.

3. Staffing

It is suggested the board reexamine its employment and use of aides throughout the district. The hiring of certified teachers as aides in the instructional program would enhance the program greatly without additional cost to the district.

4. Hiring Practices

Nepotism is a concern to residents of the community. It is suggested that the board replace its "Conflict of Interest" policy with a Nepotism policy to remove all possibility of impropriety.

5. Collective Bargaining Agreements

A number of areas contained in personnel contracts and collective bargaining agreements were reviewed with several suggestions for consideration in future negotiations. Specific recommendations would result in savings totaling \$73,065.

6. Legal Fees

It is recommended that the board advertise and seek competitive rates for its professional services. Rates paid for legal fees were excessive in Glassboro compared with other southern New Jersey districts. A savings of approximately \$25,000 could be realized with more competitive rates.

7. Cash Management

Cash management practices were found to be favorable in Glassboro. Through short term investing or purchase of certificates of deposit of the district's large cash balances could result in enhanced revenues of approximately \$10,000.

8. Surplus

Through better management of surplus and estimating miscellaneous revenues the district could realize a one time savings of between \$123,171 and \$243,650 and annual savings of approximately \$14,000.

9. Grants Management

The district has demonstrated a history of not utilizing all of its grants funds resulting in the return of valuable educational dollars to grantors. The district should closely monitor all grant funds to minimize losses.

10. Purchasing

It is recommended that the district develop a written purchasing procedures manual and computerize its operations for efficiency.

11. Inventory Control and Fixed Assets

The district should move quickly toward establishing and maintaining a complete, current and accurate inventory system as recommended in its audit reports.

12. Insurance

Strategies are outlined that could result in savings of between \$500,000 and \$812,000 in health benefit costs.

13. Technology

The district needs to set technology as a top priority in all areas of its planning.

14. Facilities

With the exception of the new Bullock School and Rodgers School, the school facilities were found to be in poor condition. The LGBR supports the district's pursuit of replacement and renovation of facilities to meet the educational and safety needs of the students and community. There is a critical need to replace the Intermediate School. Options are proposed to work with the borough for community use of this facility.

15. Custodial / Maintenance and Grounds Services

Suggestions and options are presented to the current custodial services that would result in savings from \$129,692 to \$328,282 and to maintenance costs of \$36,475. Included also are proposals suggesting shared service opportunities with the municipality and Rowan University.

16. Vehicle Maintenance

Savings of \$39,858 could be realized through replication of efficiencies found in the municipal vehicle maintenance operations.

17. Security

Closer controls over security costs could save approximately \$1,250 per year.

18. Transportation

Through various means and options including elimination of courtesy busing, incorporating subscription busing, strategically placing sidewalks and crossing guards and efficient routing of buses, the district could conservatively save over \$500,000.

19. Food Service

Two options are proposed including changes to the current food service operations and competitive contracting could save the district between \$71,649 and \$151,881.

20. Special Education

Suggestions including the return of a number of out of district student placements to the district and accepting students from other districts to fill empty seats in special education classes could save approximately \$327,237 in tuition and transportation costs.

21. Basic Skills Instruction Program

It is suggested that the district review the need for the number of aides employed in the BSI program and also consider employment of certificated teachers for these positions.

22. Guidance

It is suggested that the district study its guidance organizational structure and the interaction between the various buildings and grade level services.

23. Health Services

It is recommended that the district review its health services and the number of providers utilized with the suggestion they investigate unifying these. It is suggested further that the district more accurately budget these costs.

24. Athletic and Extracurricular Programs

The athletic and extracurricular programs need close scrutiny and comparative analysis with area districts and budget controls.

25. School District / Municipal Shared Services

The LGBR found several examples of shared service opportunities that would result in savings for both the district and municipality resulting in less costs and lower local taxes. Additional shared service opportunities of both bodies with Rowan University could result in more savings.

26. Rowan University

The community has strong feelings regarding the perceived neglect by the college to its cost impact upon the community and unwillingness to share its resources with the town and schools. There is tremendous opportunity to share these resources at reasonable cost or in kind and for shared services with the district and municipality.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID AND
LOCAL TAX RATE WITH RECOMMENDED REDUCTION IN
GLASSBORO BOARD OF EDUCATION COSTS**

A.	Collective Bargaining Agreements / Employee Contracts	73,065
B.	Legal Fees	25,000
C.	Cash Management	10,000
D.	Surplus	\$ 137,171 to 257,650
E.	Loss of Grant Funds	60,000
F.	Health Benefits	500,000 to 812,000
G.	Custodial Services	158,062 to 336,387
H.	Maintenance Services	24,317
I.	Vehicle Maintenance	39,858
J.	Security	1,250
K.	Transportation	500,000
L.	Food Service	71,649 to 151,881
M.	Special Education	327,237
Total Potential for Savings		\$1,927,609 to \$2,618,645

Total Amount Raised for Municipal Tax (FY 96)	\$ 8,609,880
Savings as a % of Municipal Tax*	22.39%
Total State Aid (FY 96)	\$ 11,196,448
Savings as a % of State Aid*	17.22%
Total Budget (FY 96)	\$ 18,192,256
Savings as a % of Budget*	10.6%

*** Based upon savings of \$1,927,609**

I. BEST PRACTICES

A very important part of the Local Government Budget Review (LGBR) report is the Best Practices section. During the course of every review each LGBR team identifies practices, procedures and programs which are noteworthy and deserving of recognition. Best practices are presented to encourage their replication in schools and communities throughout the state. By implementing these best practices, school districts and municipalities can benefit from the LGBR process and possibly save considerable expense on their own. Recognition here should not be confused with other various state awards programs established specifically for the purpose of awards and other forms of formal recognition and honor.

The Glassboro Public Schools do many things well and cost effectively. Since a primary objective of this review is to make recommendations for cost savings measures, those efforts and practices already in place to reduce spending in the Glassboro schools are recognized and commended here. Some of these initiatives could well serve as models to other boards of education.

Just as the review team is not able to identify every area of potential savings, it cannot cite every area of effective cost savings effort. Following are those best practices and programs recognized by the team for their accomplishments, cost effectiveness and possible replication by others.

INTERNAL SAVINGS INITIATIVES

Since the current business administrator began his position in February, 1996, he, the superintendent and board have made a renewed and concerted effort at cost savings. Initiatives taken and savings either realized or projected have been identified and listed. This listing is updated monthly for the board and public's awareness with a running total of savings provided. To date (through October 15), savings have been estimated to be in excess of \$2,000,000. Portions of these savings are immediate, some are one time savings while others are ongoing or will be realized in the future. Some have been tallied over the life of the projected savings, i.e., over a two, three, five or ten year period. And, some are guesstimates.

Examples of savings initiatives included renegotiating service and vendor contracts, changes in insurance carriers and insurance plans, pooled purchasing with other districts, shopping for the best price and the anticipated sale of the vacated Academy Street School. Some of the initiatives would have occurred or were already in the planning while others are the result of new and direct effort.

Recording an updated monthly listing and communicating the fact that efforts are occurring to realize savings is a practice we would encourage other districts to consider.

FACILITIES AD HOC COMMITTEE

The district is in the process of determining appropriate steps to address deteriorating facilities. Considerations are being given to repairs, renovations and/or replacement and the inclusion of updated technology capability. In its planning process, a Facilities Ad Hoc Committee made up of school and community officials staff, students, organizations and residents was developed to discuss conditions, needs and anticipated costs. Goals were established and various options were considered. Recommendations were made for consideration by the board of education. Approximately 40 people participated in a series of four or five meetings. These were chaired by the superintendent.

The review team observed two of these sessions. Good dialog took place with divergent view points expressed. Various resources were used in determining needs and costs as well as considering the experiences of another district with their planning for a building program referendum.

We applaud the inclusion of a broad representation of the community in addressing a major and costly issue at the outset of the planning process.

GENESIS

GENESIS is a family based educational program designed for low-income families with children age five and under that encourages parent involvement in the child's educational development. It is sponsored and funded in cooperation with the Glassboro Housing Authority, Gloucester County Office of Municipal Services and Gloucester County Board of Chosen Freeholders.

The program is operated by the Glassboro School District. A staff of a teacher and four aides work with between 32 and 40 children. Parents are required to participate at varying times weekly. It is housed on-site in a public housing project, thus facilitating attendance and parent participation.

The program emphasizes developmental skills and problem solving through exploration and experiences in readiness for school when age eligible. It provides opportunity to enjoy success to build confidence and self esteem. It teaches children to gain independence and self control while learning and working cooperatively.

For parents, GENESIS teaches parenting skills and fosters positive attitudes toward a child's development and education. Parents participate in the planning of learning activities of their children.

GENESIS was honored by the New Jersey School Boards Association with its 1994 "School Leader Award."

WORKSHOP II

Workshop II offers an alternative special education program for students with learning, adjustment and/or behavioral problems. A major emphasis of this program is to teach students responsible behavior and vocational skills. Nineteen students participate under the tutelage of three teachers. On-the-job training in printing, maintenance and landscaping is emphasized along with academic instruction at the high school level. Practical application of skills learned are utilized in a business fashion in the district for which

students can earn a stipend. In return, small jobs are accomplished in the district at low dollar cost but with high personal return for the students.

GLOUCESTER COUNTY ALTERNATIVE HIGH SCHOOL

Glassboro High School houses and the district operates the Gloucester County Alternative High School. Approximately 10 full time and 19 part time students from around Gloucester County who require an alternative option to their regular community day high school attend this evening program. Glassboro made a good business decision when they accepted this program when other districts in the county would not. The district receives a small stipend in exchange for this service to the county.

GLASSBORO PEOPLE IN TRANSITION PROGRAM

This program serves displaced homemakers and their children by coordinating job training, life-skills training and educational opportunities as well as counseling and support services. This program is sponsored in cooperation with Gloucester County College, Gloucester County Board of Chosen Freeholders and local social service agencies. It is administered from the district central offices by a program coordinator.

The program has four components including life training skills, educational remediation, career decision making and job development. There were 47 people participating in the program during the LGBR visit. This multi-faceted program has been a catalyst for providing a way out of total reliance on public assistance as a means of support for themselves and their children.

Performance reports for 1995/96 indicate the displaced homemakers program went beyond its stated goals and objectives. This allowed for expansion by attaching to other county programs that provide opportunities in computer literacy, life training skills and divorce recovery workshops. Articulation agreements have been established with People in Transition, AGE/ABE/GED/ESL and Family Development Program (Gloucester County College), Robins Nest (family outreach counseling program), Rutgers Cooperative Extension Service (parenting education), Glassboro Housing Authority and GENESIS preschool program (Ellis Manor Housing Project), Glassboro Child Development Center (daycare) and the Newman Center at Rowan University (Tutoring).

EDUCATIONAL FOUNDATION

An organized educational foundation supports the district through donations and fund raisers having raised approximately \$8,000 during the past year. These moneys are earmarked for innovative teacher grants in the areas of science and technology. The foundation operates outside of the district funds under a legal charter.

Although educational foundations have been found to be successful in Glassboro and other school districts, caution is advised regarding participation and leadership in the foundation by elected officials and administrators.

ENERGY SAVINGS

The district has contracted with an energy management company to retrofit all schools' heating and air conditioning units and incorporate energy savings measures. This contract is paid out of guaranteed energy savings at no cost to the district and with a guaranteed return of energy cost savings.

CHERRY HILL SPECIAL EDUCATION PROGRAM

The Glassboro School District has a unique arrangement with a private non-profit organization to provide special education services. The Cherry Hill Alternative High School, based in Cherry Hill, NJ, provides one class for Glassboro emotionally disturbed children who need extensive services and they use a district facility at no charge. The class size ranges from nine to twelve students. The children, the school, and the private organization all gain by this unique arrangement.

The school gains because it does not have to hire specially trained and experienced staff for a unique service that may not be needed in the future. It also saves money by avoiding the high transportation costs usually associated with out-of-district placement. These costs equal approximately \$3,381 per student netting a savings of \$33,810 for the 10 participants. Money, therefore, goes into programming rather than transportation.

The children benefit because they are receiving needed services by specially trained and experienced staff. In addition, since they receive service in the district they avoid spending long hours on buses traveling outside the district.

The organization that provides this service benefits because it retains skilled staff who continue to get more experience. In addition, they are expanding their service by providing an "outreach" type service further helping their bottom line. And, they avoid the time and costs associated with purchasing and maintaining buildings which is ancillary to their core mission.

EXTENDED DAY KINDERGARTEN BASIC SKILLS PROGRAM

The district provides an extended day kindergarten program two afternoons per week beyond the regular half day program to some 45 identified basic skills students out of a total kindergarten population of 211 children. The regular kindergarten program is a half day program. The special education kindergarten level program is a full day program. In addition to the two afternoons of intensified instruction, these children are provided with basic skills assistance during their regular morning program instruction. This extended day program is intended to boost students skills in readiness for first grade and as a preventative measure to potential classification and placement in special education programs. This preventative program results in savings of special education costs.

II. FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the district and its taxpayers.

In its study, the review team found that the district makes a concerted effort to control costs and to explore areas of cost savings efficiencies in its operations. Several of these are identified in the Best Practices section of this document. Others will be noted as appropriate in the findings to follow. The district is to be commended for their efforts, especially where true savings were realized. On the other hand, the review team identified areas where decisions may not have been cost effective or may have had a negative impact on the district and its students. These include practices such as zero budgeting for capital improvement and purchase/replacement of equipment (including instructional and technology), cutbacks on staff development and student activities, and the infusion of large amounts of surplus into the budget for the sole purpose of reducing taxes. These strategies may have cost the district in ensuing budgets, in weakened educational programming and in staff morale.

Areas were found where additional savings could be generated and recommendations for change are noted that will result in reduced costs or increased revenues. Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. These savings recommendations are considered to be conservative estimates. Plus, there are areas of undetermined savings and other suggested opportunities for real savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. Some recommendations will result in a one time only savings while others will be permanent and ongoing. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

In some cases, recommendations may result in increased costs. Whenever these occur, they too will be identified and factored into the total savings calculations.

COMPARATIVE ANALYSES

Many of the recommendations are made based upon comparative analyses using New Jersey Department of Education (DOE) data in comparison with districts of similar size and demographics (socio-economic district factor groups - DFG). Other data sources are used such as district documents, various state agencies, state education associations, publications and private industry. School districts used for comparison with Glassboro include Woodbury, Middle Township (Cape May County), Buena Regional and Penns Grove-Carneys Point and K-12 districts in the state with enrollments between 1,801 and

3,500 students (71 districts). The charts on the following pages illustrate much of the data used.

A cursory review of the charts reveals interesting statistics when comparing the five districts and when comparing Glassboro with like size districts across the state.

In a review of the actual costs for 1994-95 as submitted to the Department of Education as reported in their February 1996 Comparative Spending Guide, by ranking, Glassboro Schools expends the fifth lowest in total cost per pupil out of 71 K-12 districts in the state with enrollments between 1800 and 3500 students. They are lowest in the four similar districts in Gloucester County just ahead of Pitman which is sixth lowest in the state. Glassboro Schools are the second lowest in per pupil costs in the state in the B category DFG grouping. Ranked from low expenditures (1) to high (71), Glassboro ranked in the bottom 10 in most categories with a few exceptions. Examples include the following costs and rankings:

Table 1 Per Pupil Costs - DFG B Ranking

Category	Cost	Ranking
Total cost per pupil	\$6,288	5
Total classroom instruction	\$3,808	7
Salaries/benefits for instruction	\$3,602	6
(note this represents 94.6% of classroom instruction costs)		
Supplies/texts	\$ 103	2
Support Services	\$ 634	21
Total administrative costs	\$ 828	7
Salaries/benefits for administration	\$ 677	8
Operations/maintenance	\$ 872	33
Salaries/benefits for O/M	\$ 502	40
Extracurricular	\$ 92	2
Equipment	\$ 27 (k-12 ave \$81, state ave \$95)	
Faculty average salary	\$39,753	9
Administration average salary	\$71,162	19
Ratios:		
Student/administration	187.1:1	9 th highest
Faculty/administration	14.3:1	10 th highest

Note: Rankings based upon 1995-96 budget figures are lower than 1994-95 costs.

When comparing Glassboro with other county, state, and various other categories of districts, Glassboro is among the lowest spenders. The New Jersey School Boards Association (NJSBA) 1995-96 Cost of Education Index reveals the total current expense per student in Glassboro was \$6,288. The state average was \$7,473; the county average was \$6,209; the socio-economic group (low) was \$7,388; the enrollment group average was \$7,635; and the grade plan (K-12) was \$7,511 per pupil. These costs exclude tuition, transportation, capital expenses and debt service. Total expenditures with these costs included were \$7,929 for Glassboro. Glassboro's expenditures were low when compared across the state but in line when compared regionally.

When compared with the five identified similar districts above, Glassboro continues to compare favorably. The total general fund cost per student based upon the June 30, 1995 audit reports shows that Glassboro is the lowest at \$7,047. When leveling out (calculating other district expenditures at Glassboro's enrollment) Glassboro expends the lowest in instructional costs, second lowest in administrative costs and second highest for support services.

It would appear from these comparisons that the Glassboro School officials are keeping costs at reasonable levels. Further detailed analysis by program and budget line and comparisons with local, state and industry standards will reflect there are areas where savings can be realized and where priorities may shift spending to areas of need. These will be reflected and quantified in the areas of review in this findings section.

TABLE 2 COMPARATIVE ANALYSES

Revenues	Glassboro	Woodbury	Middle Twp. Sch.	Buena Regional	Penns Grove- Carneys Pt.
Local Tax Levy	7,947,497	5,928,646	10,327,210	4,897,065	5,145,812
State Aid	9,883,668	6,086,924	8,466,383	9,586,257	13,314,306
Federal Aid	645,163	402,869	471,168	616,598	820,148
Other	868,264	307,632	3,048,088	3,743,788	681,235
Total Revenue (All Funds)	19,344,592	12,726,071	22,312,849	18,843,708	19,961,501
Regular Program - Instruction	5,126,658	4,481,852	7,449,532	6,754,270	6,832,368
Special Education	2,028,015	875,456	1,273,545	1,228,686	1,118,470
Basic Skills-Remedial	276,275	270,408	508,581	384,471	902,219
Bilingual Education	39,081	-	-	38,823	35,386
Vocational Program	-	-	-	-	-
Sponsored Cocurricular Act.	29,794	81,053	97,842	330,948	27,472
Sponsored Athletics	158,589	245,783	240,662	-	176,229
Other Instruction Program	-	-	15,565	-	-
Community Services Program	-	-	-	4,968	31,460
Total Instructional Cost	7,658,412	5,954,552	9,585,727	8,742,166	9,123,604
Tuition - State Facilities	872,063	743,963	872,442	652,568	921,571
Total Instr. \$\$	7,658,412	5,954,552	9,585,727	8,742,166	9,123,604
At Glassboro's Enrollment	7,658,412	8,346,429	8,148,219	8,583,352	9,340,641
General Administration	550,967	336,636	751,715	415,008	947,706
School Administration	753,473	592,448	1,039,102	906,970	795,621
Total Administration Cost	1,304,440	929,084	1,790,817	1,321,978	1,743,327
At Glassboro's Enrollment	1,304,440	1,302,287	1,522,260	1,297,962	1,784,798
Food Service	-	-	90,092	-	-
Health Service	166,963	136,574	173,416	281,915	213,070
Attendance/Social Work Serv.	40,443	21,872	-	7,826	12,720
Other support Service	913,442	707,291	875,588	929,326	922,948
Other	-	-	272,919	-	57,096
Media Serv./Sch. Library	234,674	160,767	209,664	217,908	262,170
Operation of Plant	1,848,070	1,358,996	1,832,829	1,798,103	1,792,905
Business & Other Support Ser.	2,446,376	1,217,406	2,824,835	2,916,423	2,062,836
Total Support Services	5,649,968	3,602,906	6,279,343	6,151,501	5,323,745
At Glassboro's Enrollment	5,649,968	5,050,153	5,337,671	6,039,750	5,450,389
Transportation	722,764	390,876	922,638	1,103,673	690,505
Capital Outlay	61,994	214,663	743,234	258,158	542,826
Special School	106,586	-	16,780	-	-
Total Gen. Fund Expend.	16,376,227	11,836,044	20,210,981	18,230,044	18,345,578
# of Students	2,324	1,658	2,734	2,367	2,270
Per Student Rates					
Instruction Cost Per Student	3,295	3,591	3,506	3,693	4,019
Admin. Cost Per Student	561	560	655	559	768
Support Serv. Cost Per Student	2,431	2,173	2,297	2,599	2,345
Total Gen. Fund Cost Per Student	7,047	7,139	7,392	7,702	8,082
Source 1994-95 CAFR					

ORGANIZATION/ADMINISTRATION

The structure of the Glassboro School District's administrative organization was analyzed. Under the specific responsibilities of the board of education as outlined in Title 18:A, the district has a pyramidal structure with the superintendent at the head. Two assistant superintendents, one for business and one for curriculum/personnel support the superintendent. Next are the directors of special programs and supervisor of special services. Other support supervisors in the areas of maintenance and food service and coordinators of transportation and displaced homemakers round out the central administration.

Building and program administrators include principals in each school with assistants in the high school (2) and one shared assistant principal between Bowe and Bullock Schools. A head teacher who does not have a supervisory certificate provides support in the absence of the principal in the Intermediate School. A part time principal assists with the supervision of the evening alternative and adult school programs. Coordinators with other responsibilities also assist with the Genesis Program and two (2) child study teams.

Overall, the administrative structure is efficient and cost effective in the Glassboro Schools. In relation to the School Efficiency Program Act, the district is below the median per student costs per operating type and in no danger of administrative penalty (this penalty provision has been deleted from law with the recently enacted school funding legislation but serves well as an example to administrative cost analyses). Glassboro administration costs are calculated at \$857.13 per pupil while the median under this act is \$986.86 per student in the state. As indicated in the charts preceding, Glassboro School's administrative costs are in the bottom 10 out of 71 like size K-12 districts.

In comparing the number of administrators with the DOE model school plan in the Comprehensive Plan for Educational Improvement and Financing, the district is also within suggested guidelines. There is need, however, for the district to examine the administrative support structure at the Intermediate, Bullock and Bowe Schools.

It is recommended that the shared position of assistant principal between the Bullock and Bowe Schools be reexamined. Principals and staff indicate this is ineffective at best and that services are needed at both buildings with enrollments of 620 and 544 students respectively.

A second recommendation would be to review the job descriptions of the assistant superintendent for curriculum, the director of special programs and supervisor of special services to avoid overlap of responsibilities.

In matters of board/administration relations, it was reported to the review team that board members have a tendency to micro-manage, often involving themselves in day to day operations of schools and the district. The perception of the board/administration by many is that they are not a team. **It is recommended that board members renew mandated training as provided by the NJSBA to ensure that they enhance their ability to work as a team.**

STAFFING

A review of staffing costs for professional instructional personnel reveals that these are in the low range when compared with all related groups. These are in the bottom 10 compared with the 71 like districts. In the areas of support services, operation and maintenance and transportation staffs, costs are somewhat higher. Although near the midpoint of the 71 districts at rankings of 26 for support services and 40 for operations and maintenance, these costs are considerably higher than other Glassboro district costs. The district will want to review this section and look at the support services cost areas to assess reasons for these costs being higher than other local district costs.

The district also employs a number of aides for various purposes. These include special education, basic skills, kindergarten, regular education classrooms and food services. Total number of aides employed are approximately 99 with 70 in instructional programs, 26 in food service and 6 in security. The district utilizes the “Red Bank” model whereby most are hired as part time workers who do not get benefits (this is also discussed later with savings recommendations under insurance). Although this practice utilizing part time aides rather than full time staff saves in benefit costs, the total number of aides for a district the size of Glassboro is excessive. The district should review the job function and need of each position to justify the numbers employed. Most of the aides employed in the instructional programs are not certificated teachers.

It is recommended that aides utilized directly in the instructional program to assist children with their learning be better qualified. Consideration should be given to the number of people with teaching credentials and other qualifications in the job market. This is a direct benefit to students at no cost to the district. In addition, it provides the district with a talent pool for consideration for future hiring for vacant teaching positions.

Savings- undetermined

HIRING PRACTICES / NEPOTISM

The district does not have a nepotism policy. A number of employees are related to current and former board members and administrators at all levels. The absence of a nepotism policy was raised by many in interviews conducted. In place of a nepotism policy is a policy entitled “Conflict of Interest.” It primarily stipulates persons should not be employed in positions in which he/she would come under the direct supervision of any relative.

In order to not only avoid a “conflict of interest” but to avoid all possibility of impropriety, it is our strong recommendation that an anti-nepotism policy be enacted immediately to prohibit the hiring and contracting of relatives of all board members and administrators and supervisors. The policy can be grandfathered for current employees with the provisions of the existing conflict of interest policy remaining in full force.

NEGOTIATED AGREEMENTS / EMPLOYEE CONTRACTS

The majority of the employees in the Glassboro Public Schools are represented by one of two bargaining units. The remainder are not represented by a unit and either negotiate individually or as a group informally. The established bargaining units are the Glassboro Education Association (GEA) and the Glassboro Association of School Administrators (GASA).

Those employees represented by GEA include teachers, librarians, guidance counselors, nurses, social workers, speech correctionists, disability specialists, reading specialists, project teachers, secretaries, bus drivers, bus mechanics, and bus aides. Excluded are secretaries to the offices of superintendent and assistant superintendents

Employees represented by the GASA include all persons designated by the board of education as administrators except for the superintendent and assistant superintendents for business and curriculum/personnel.

Employees not represented by a recognized bargaining unit include the superintendent, assistant superintendents (2), central office clerical staff, custodians, maintenance workers, aides (other than bus aides), security staff and food service employees.

GEA Agreement The GEA agreement has a duration of three years from July 1, 1995 through June 30, 1998. It was ratified during the past school year. Negotiations for this agreement resulted in salary increases of 4.3% for the first year, 4.25% for the second and 4.2% for the last year of the contract for an accumulated value of 13.3% over the term of the agreement. The state average is an annual increase of 3.9%. Although this settlement has a higher than average wage increase, there were savings realized with changes in health insurance benefits with increased co-pays and deductibles.

In addition to the base salary guide, GEA members receive longevity increases after 20 and 25 years of service of \$700 each totaling \$1,400. In essence, salary guides in and of themselves are longevity increases. Annual raises are given merely for time of service, not for merit or other purposes. Thus, giving additional longevity increases, particularly in mid-guide, are inappropriate.

Longevity increases in salary guides has a two part history. Originally, longevity steps were added to the end of a salary guide as a reward for “long and faithful service”, especially back when there were teacher shortages. These add on steps were given at seniority levels after 25 and/or 30 years of service. The second cause for longevity pay was that steps were added to contracts when, over a period of time and the negotiations of subsequent contracts, salary guides were expanded to have as many as 20 to 25 steps. Then in a process to condense guides, longevity steps (often called “max,” “supermax,” etc.) were added. Longevity steps should not occur, if ever, until an employee has reached the top step of a salary guide. Under the current system many employees moving through the guide receive annual increases, step increases and a third increase for longevity.

There are 88 employees who receive longevity increases after 20 and 25 years. If the board negotiated away the 20 year level increase and maintained the 25 year level longevity increase at \$700, there would be savings of \$61,600 realized.

Savings \$61,600

The teachers' salary guide with its range of salaries was found to be in the mid-range for Gloucester County and average to low average for the southern New Jersey region.

Contract language in the GEA agreement was reviewed and found to be vague in several areas. This vagueness and other various areas raised several questions. Examples include:

- Article VII B.3. Provision is made that salary deductions of 10% be withheld for summer payment. Nothing is stated regarding investing/savings interest and who shall receive this.
- Article VII D. Discusses cooperative work supervisors but does not identify this job responsibility. Provision is made for an additional 20 work days and extra compensation without comment on need for this additional time.
- Articles VII E. and F. (Also Article XVII E.) discusses remuneration for extra time worked during the day at a rate of \$18 per hour. An example may be one teacher covering a class for another teacher during his/her prep period. However, it does not stipulate what their workday responsibilities are, i.e., number of periods they teach per day or release time they may get for their duties.
- Article VII L. discusses pay for the assistant mechanic in the event of absence of the head mechanic on a per hour basis without reference to the number of hours per day worked.
- Article X. Provides reimbursement for undergraduate courses taken by GEA members. It does not address whether this benefit is available to professional staff members. We believe professional staff who have already achieved their bachelors degree should not be paid to take undergraduate courses. Also, there is no standard of achievement for reimbursement other than a "passing grade." A standard of at least a "B" grade or higher should be in place.
- Article XI discusses equivalency credit being recognized for salary growth stating a "maximum" such credits may be used for movement to the next step on the guide. Should this not be "minimum?"
- Article XIV provides reimbursement for meetings and conferences expenses on a "sliding scale" without explanation of what this is.
- Article XXII D.3.a. and b. references "packaged routes" for bus drivers/aides without description or definition.

Another area of concern is the pay differential for positions such as guidance counselors (ratio of 1.15 for 11 month counselors and 1.05 for 10 month counselors) and cooperative work supervisors (ratio of 1.10). This standard is not found in the majority of contracts in the state. Most are paid on the teachers' guides on the steps appropriate to their training and years of experience. In addition, these personnel are already paid for extra days and time worked as noted above.

GASA Agreement The GASA agreement has been adopted for the same three year term (July 1, 1995 to June 30, 1998) as the GEA agreement. Percentage increases were approximately 3.3%. This is equivalent to most administrator contracts negotiated for this time period.

For the most part, contract provisions are fairly standard for benefits and responsibilities for the positions in this unit. Questions relative to some of these provisions are as follows:

- Article VII A. Permits twelve month administrators to be paid 75% of their per diem rate for a maximum of six unused (note there is an error of omission in this language using the word “used” where it should state “unused”) vacation days. This “selling” of vacation days to the board is “double-dipping” whereby the administrators are being paid twice for the same day(s). By paying these administrators for their selectively not using vacation days extends their salary over their contracted amount and the budget by this same amount. The potential cost to the board for this provision for GASA members is \$2,250 per year (1996-97 salaries /240days x .75). The removal of this inappropriate provision would thus save this amount annually.

Savings \$2,250

- There is no mention of carryover from one year to the next for unused vacation days nor the payment for unused vacation at severance (retirement). Carryover vacation time should be capped at the value of one year’s vacation allotment. If vacations days beyond this provision are not used they should be lost to the employee.
- Item C. in this same article stipulates that personnel “must report to work on all other days scheduled as working days by the board of education.” However, it does not stipulate what determines working days. Are days schools are closed during the school year for winter, February break and spring vacations for students considered work days or not? This is unclear and is not clarified further in Article XIV, “Holidays”. It is the recommendation that these days, except for those designated as legal holidays, be assigned as “work days.” Should administrators who have vacation days desire having these days off, they should use vacation days for this purpose. If these are considered non work days, then 12 month administrators in reality have some 30-35 days of paid vacation time (20 vacation days + legal holidays + student vacation days). The financial impact of this would be in work productivity equaling approximately 10 work days times the administrators’ daily rate of pay.
- Article X A.2 references a “sliding scale” for mileage reimbursement without definition.
- Article XII B. provides reimbursement for undergraduate courses. Members of this unit must have a minimum of a masters degree for certification. There does not seem to be a rationale for administrators to take undergraduate courses.
- Article XVI C. references merit pay as a board of education discretion but does not explain nor define the provisions of what constitutes merit pay or how it is determined. This lack of definitive language leaves this open to favoritism, abuse or other improprieties as well as the provision being a non entity. The same concerns apply to section E., Supplemental Contracts language.
- Article XVII. Travel allowance should be determined strictly on a voucher system for actual mileage traveled in the performance of job responsibilities.

In a review of employee contracts who are not represented by bargaining units there were provisions that warrant consideration as well. In most cases there is reference to benefits

and provisions being the same as in either GEA or GASA agreements. In some cases such as central office clerical positions there are no formal contracts. These personnel generally receive like increases and benefits as comparable positions in the GEA unit. And in some cases, contract language is silent leaving matters open to interpretation or past practice.

One area that raises question is vacation carryover. Five of 16 administrators have over 30 vacation days accumulated; four of these with over 40 days. The superintendent has 61 days of vacation time accumulated. Three clerical staff have over 30 days with one over 40 days accumulated. As with the GASA members, the central administrators can exchange six days per year of unused vacation time for extra pay. This, as above, constitutes being paid twice for the same day. Elimination of this provision would save the board an additional \$6,215 annually.

Savings \$6,215

Related to this is the matter of severance pay at retirement. Should these accumulated vacation days be redeemable at full per diem pay, the potential payout would be staggering. One administrator scheduled to retire could receive \$13,728 in vacation pay. Couple this with unused sick leave pay of at least \$5,000 if under the same provisions as the GASA membership would equal a sum of \$18,728. However, this area of payment for unused sick days is silent in individual central administrators' contracts. This administrator has a total of 239 days in his sick bank. If there is not a cap to payment in this provision the range of payment could be from \$12,920 to \$77,197 additional dollars subject to interpretation. With 61 vacation days (\$25,000 total per diem) plus 285 unused sick days (which is commendable) accumulated by the superintendent, one can see the potentials for severance pay to be excessive.

It is recommended that clear contract language be included in all employee contracts setting firm limits on use of vacation days and payment of unused vacation and sick leave at retirement be capped. The State sets a cap of \$15,000 for unused days. This appears to be a reasonable standard. As suggested above, policies must be set regarding use of vacation days. It is suggested that no more carryover of days than the value of one year's vacation allotment be permitted and that if days are not used they be lost to the employee. It is further recommended that a settlement be negotiated with those administrators and other 12 month personnel who have been permitted to bank days beyond these suggested standards.

Another provision that is a "sore point" with people in the community is the provision of a car for the superintendent. There is a perception the car is used for other than district business (seen in the community on weekends, at church on Sunday, etc.). The cost of the leased vehicle at \$3,309 (\$275.75 per month) plus gasoline, service, and insurance annually could be saved by providing reimbursement for actual mileage as with other employees. To affect this savings and to reduce community animosity toward the board and administration, **the LGBR recommends discontinuing this benefit at the end of the term of the current lease.**

Annual Savings \$3,000

Total Annual Savings in Employee Contracts is in excess of \$73,065

BOARD MEMBER EXPENSES

An analysis of board member expenses for the 1995-96 school year found that most expenses that were incurred were for mandated NJSBA dues (\$18,288), conferences and workshops (\$1,588), yearbook (\$2,400), flowers (\$969), food, (\$2,672), bond administration fees (\$2,500) and miscellaneous expenses (\$717). The board does not issue credit cards nor cellular phones to board members. Most conferences attended by members were within the state. Overall, funds expended from the board expenses account appear to be done so appropriately.

LEGAL FEES / AUDITOR FEES

An analysis of the district's legal expenses over the past two years, 1994-95 and 1995-96 revealed expenditures totaling \$48,601 and \$109,001 respectively. Most fees were paid for contract negotiations, personnel complaints, budget appeal and lease review. Fees increased by 108% from one year to the next primarily due to three cases brought against the district. One was related to a special education student issue; one was brought by a former employee whose contract was not renewed; and the third was filed by NJDEP relative to an oil tank and spillage. The district paid \$35,000 in settlements.

The district has utilized the services of the same solicitor and auditor firms for several years. The solicitor represents a large law firm with offices in Philadelphia and Haddonfield, NJ. Services listed in the contract include providing consultation and legal advice, reviewing or drafting all resolutions, attending meetings if required by the board, representing the board in legal actions and reviewing contracts and bids. The school solicitor was compensated at the rate of \$150 per hour with no retainer fee. In addition to the solicitor, the board paid fees to eight different law firms to handle various suits and contract negotiations. These firms charged the district \$105 per hour for their services.

A comparative review of legal fees charged to other districts including Woodbury, Middle Township, Buena Regional and Penns Grove- Carney's Point indicated Glassboro is paying the highest fees per hour for legal services. Following is a comparison of the basic rates paid for solicitor fees for these various districts for the 1995-96 school year:

Table 3 Legal Fees

	Glassboro	Woodbury	Middle Twp	Buena Reg.	Penns Grove
Per Hour Fees	\$ 150	100	75	100	95
Retainer Fees		\$1,000/yr.			
Legal Expense					
1994-95	\$ 48,601	\$6,216	\$29,207	\$54,417	\$26,168
1995-96	\$109,001	\$8,951	\$17,145	\$38,638	\$18,706

In comparison with northern New Jersey rates which are regionally higher, the average district pays approximately \$125 per hour for legal fees.

Recommendation:

The board should periodically advertise and seek firms asking competitive rates for its professional services for legal and auditor fees. This is especially so in this case of

legal fees being excessively high. The board can receive competent school law legal services in the range of \$75 to \$100 per hour. The resultant savings would equal approximately two-thirds of current legal costs.

Approximate Savings \$25,000

CASH MANAGEMENT

An analysis of banking practices indicates the district receives a very good comparable interest rate from its operating balances, however, it needs to strengthen other cash management practices to ensure that this rate continues.

A review was conducted of the amount of net interest (after adjusting for any fees) earned by the district on its operating accounts. In the 1994-95 school year the average daily balance for all of these accounts totaled \$3,059,677. The district received \$150,566 in interest and paid no fees for a net interest rate of 4.92%.

The district does not directly pay fees for the services provided by the bank. Instead, the bank lowered the interest rate it applied to the district's average daily balances. The bank uses the 90 day T-Bill to set a base interest rate. The bank then reduced this rate to a level so that the difference in interest paid versus the T-Bill rate equaled the costs of the services provided by the bank. The reduced rate was usually one-half of a percentage point below the 90 day T-Bill rate. The bank sets its rate based on the actual costs of the services provided in the prior year.

The bank also counts the district's balances in a way that increases the effective interest rate. First, the bank applied its rate to the ledger balance which is slightly higher than the collected balance due to a float. Second, the bank paid the full rate on the entire balance. Most banks pay the full rate only on the compensating balance and a reduced rate on the remaining balance. Thirdly, it does not take 10% off the balance as a reserve requirement as most banks generally do.

A comparison was made of the interest rate paid to the district with the interest paid by the New Jersey Cash Management Fund (NJCMF). The district's rate was slightly below (about one-half point) the rate paid by NJCMF. However, NJCMF does not provide the services that the bank provides to the district such as check printing and processing. In view of the costs of these services, the district receives an excellent rate from the bank.

Other districts should emulate this procedure in an attempt to garner higher interest rates.

In addition to interest earnings, the district's use of its cash and its relationship with its bank was reviewed.

Due to the excellent rate, the district is able to keep its money completely liquid rather than invested in CDs. Most districts invest a portion of their balance that is in excess of the compensating balance into CDs because a lower interest rate is paid on that excess balance. Unlike most districts, Glassboro receives a high interest rate on its full balance and therefore is able to keep all of its money in cash balance. This should help the district with its cash flow by having large amounts available to pay obligations.

However, the district's method of analyzing and reconciling cash flow dramatically understates its available cash and creates the false impression that surplus funds are needed to cover current obligations.

The business office indicated that one reason it needs surplus funds is to cover its cash flow needs for current obligations. The documentation provided for this was a cash flow analysis for the 1996-97 school year that projected cash balances for each month. From July through December these monthly projected cash balances ranged from a low of \$505,759 to a high of \$858,214. These balances included a \$500,000 surplus amount. However, the district's actual cash balance in its major account (warrant account which includes about 75% of its total balances) for the same time period ranged from a low of \$1,497,475 to a high of \$2,055,300. The differences indicate that the district has not completed a detailed cash flow run showing daily revenues, expenditures and a surplus amount for its major accounts.

It is important to note that the business office reconciles the cash balances in its records each month with the bank statements. But these reconciliations are essentially for the total dollar amount. As noted above, they have not completed a detailed cash flow that would enable the district to show that the bank balance is divided among items such as current month, weekly or even daily encumbrances and obligations and a surplus amount.

Recommendation:

The district should complete a more accurate cash flow analysis for its major accounts showing daily expenditures (especially payroll), revenues and surplus and the expected average daily bank balance. Moreover, it should establish a computer link to its bank so it can monitor daily balances in each account. Once a more accurate cash flow analysis exists, the district will be able to monitor its daily bank balances more generally. A more accurate cash flow analysis will eliminate the perception/misconception that surplus is needed to cover daily cash flow needs.

As good as the banking relationship is and the appearance of a good interest return on its money, a second recommendation would be for the district to negotiate with the bank the possibility of investing a portion of the exceptionally large cash balance into CDs bearing a higher interest rate than the 4.92% earned this past year. For example, a 1% higher interest yield on a million dollars would net an increase of \$10,000 in revenue for the district. The money would still be in their bank and should not impact upon the current banking relationship the district enjoys.

Investment Revenue/Savings - \$10,000+

It was also revealed that there is no formal written agreement with the bank regarding the services it will receive and how the interest is calculated. In addition, the district does not periodically obtain quotations from other banks to ensure that its current bank remains competitive in the market place. Moreover, the district does not maintain funds in other banks. Maintaining these other bank accounts will help to keep the district informed of new services in the banking community and to maintain relationships with other banks.

Recommendations:

The district should establish a written agreement with its bank outlining the specific services it will receive, the cost per unit of service and how these costs will be paid.

The district should periodically obtain written proposals from other banks to help ensure it continues to obtain favorable rates from its bank.

SURPLUS

Surplus is the amount of money held in reserve and left over after the interaction between current year revenues and expenditures. In the event of expenses exceeding the amount of revenues plus any prior year carry over of surplus of funds, a deficit would occur, in which case it would be necessary to reduce expenditures to avoid a deficit situation. Surplus funds are included in a district's budget in order to provide funds for emergencies or other items beyond the board's control. Sound financial controls are required to ensure that surplus funds are accurately estimated and used only for their intended purpose.

The amount of surplus to leave in a budget can range from under 2% to 6% of anticipated expenditures. The state does not stipulate the amount of surplus a district should maintain. However, the Comprehensive Educational Improvement and Financing Act effective December 20, 1996 reduces allowable surplus amounts from 7.5% to a maximum of 6%. This represents a 20% reduction. In accordance with N.J.S.A.18A:7D-27.1, excess surplus that is over the allowable maximum shall be appropriated.

The district's ability to accurately estimate surplus is a function of its success in establishing sound financial controls. These controls ensure the development of accurate surplus estimates, monitoring to determine that revenue and expense estimates in the budget are achieved, and taking corrective action when significant deviation from these estimates occurs.

There are critical aspects of school district revenues, expenditures, and current year surplus that enable school districts to accurately estimate surpluses. In terms of revenues, when a district prepares the budget it knows fairly precisely the amount of revenue it will receive for the upcoming year. Over the past four years (1992/1993 through 1995/1996) from a low 93.8% to a high of 97.1% the district's revenue came from the local tax levy and state aid. Over this time period the amount of revenue anticipated and actually received was exactly the same except for the increase in 1994/1995 due to the district winning its budget appeal. The district's precise knowledge of the amount of revenue it will receive in the next budget year means that its major challenge is controlling expenses.

Approximately 80% of Glassboro's expenses are for salaries. Except during contract renewal periods, salary amounts for all positions in the next budget year are known either through contracted labor agreements or particular position amounts and, therefore the amount needed can be accounted for fairly precisely. Moreover, these estimates are usually higher than that which is ultimately needed because of employee terminations,

retirements, and resignations. In addition, salary is not paid during the time it takes to fill a vacated position. The non-salary portion of the budget, the remaining 20%, is somewhat more variable. However, many of these costs can be accurately predicted and accounted for if work is done through contracted service, purchase agreements with specific prices or ranges or if a Capital Reserve Account is established to annually set aside funds to coincide with the expected life of major equipment, buses, building repair, etc.

In terms of the amount of surplus left over in the current year, annual budgets are resolved in February or March. This is when the district estimates anticipated surplus in the current year. At that point the district has had eight or nine months experience to estimate expenditures and revenues for the last three months of the year. These estimates should be relatively accurate. In other words, except for payment of the remaining year salaries and miscellaneous year end costs from two-thirds to three-quarters of the budget has been expended or committed. This makes it quite easy to accurately project the income and expenses for the remaining one-third or one-quarter of the year.

We believe that the district can accurately estimate current year surplus, revenues and expenses in the proposed budget year. The variable decision, however, is the amount of funds that should be left as unreserved, undesignated fund balance. This amount varies according to the number and extent of items in the budget where costs are variable. In education, some of the variable items include special education costs, enrollment changes, transportation costs, costs related to unplanned facility improvements, and any employee contract costs related to negotiations in progress.

The board has demonstrated an inability to accurately estimate surplus in recent budgets. In earlier years (1992/1993 and 1993/1994), the differences between the district's surplus estimates and actual amounts achieved differed by two tenths of one percent, or from \$8,859 to \$32,126 respectively. That is, the board estimated and achieved a 2.0% surplus in 1992/1993. In 1993/1994 it estimated a 1.6% surplus and achieved 1.4%.

However, in the 1994/1995 and 1995/1996 school years the differences between estimates and actual amounts were 3.4% and 1.2%, or from \$610,658 to \$235,344 respectively. In 1994/1994 the board estimated a 1.9% surplus and achieved 5.3%. In 1994/1995 it estimated 3.3% and achieved 4.6%.

There are three related reasons for the district's underestimates of surplus in the last two years: The major reason is the district's inaccurate estimates of current year surplus. In the 1995/1996 school year it estimated an unreserved, undesignated balance of \$616,712. The actual amount was \$852,056. The difference between these numbers was \$235,344 or 38.2% higher than the original estimate. The situation was even worse in the 1994/1995 school year. The district estimated an unreserved, undesignated amount of \$345,984. The actual amount was \$956,642. The \$610,658 difference was 176.5% higher than its original estimate. Based on the original surplus amounts the district approved to begin the succeeding budget years with, these differences in the actual amounts could have been applied towards further tax relief, spent on much needed capital

improvements, or left as surplus, but more accurately portrayed. Both the estimated and actual surplus amounts (as a percentage of the total budget) are within the “appropriate” range of surplus amounts. However, the extent of the understated surplus amounts is considerable. This does not allow for a true portrayal of the district’s financial status at the time these budgets are approved and brought before the voters.

The second reason why a higher than expected unreserved, undesignated fund balance occurred in the last two years is the district overestimated expenses. When you spend less than you estimate your surplus increases. In the 1995/1996 and 1994/1995 school years the district overestimated its expenses by .3% and 4.9% respectively. In the 1993/1994 school year it underestimated expenses by .7%. And in 1992/1993 it actually underestimated expenses by 1.2%.

The district appears to historically underestimate its revenues. They underestimate “Miscellaneous Revenue.” Over the past four years these underestimates range from a low of 1.4% or \$223,229 in the 1993/1994 school year to a high of \$445,172 or 2.9% in the 1992/1993 school year. The average over the period is 2.0% or \$333,600. Again, as with estimates of surplus and expenses these revenue underestimates mean that unnecessary taxes were raised by the district.

The team worked with the district on estimates of current “Miscellaneous” revenue. The team believes that these revenues can be increased but not as much as one would think. This is because of some major changes in these revenues. For example, among other losses, the district will receive \$15,000 less because it lost two rentals. One is the Gloucester County Alternative High School which will not be using the district’s building this year. The other is the Cherry Hill Alternative High School Program which has been exempted from paying rent by the Board. This was done because of the value of the program to the district and the program experienced higher than expected costs. The team worked with the district and specified the adjustments that could be made to these estimates in the current year. The net result was a modest increase in revenues.

Recommendation

Based upon the district’s recent history of revenue estimates, we believe that the district can increase its miscellaneous revenue amount by \$14,000.

Returning to our surplus discussion, it is clear from our analysis that in the 1992/1993 and 1993/1994 school years the district estimated that it can adequately protect itself financially from unexpected and/or emergent situations through budgeting and actually having an unreserved, undesignated fund balance between 1.6% and 2.0%. The actual amount of unreserved, undesignated surplus averaged 1.7% for these years. This is based on their own estimations and experience, which we have discussed above. To illustrate the amount of cost savings from improved surplus estimates we will use the current surplus amount. As of December 31, 1996 the district has an unreserved, undesignated surplus balance of \$802,399. If the district could achieve the 1.7% surplus percentage it did in previous years, it can reduce the budget, on a one time basis by \$487,301 dollars

and impact upon the tax rate. If we nearly double the surplus amount that the district has achieved in the past i.e., to 3.0%, it could reduce the budget, on a one time basis, by \$246,343.

In addition to the recent poor financial controls over surpluses, expenses, and to a lesser extent, revenues, the district has also spent surplus for non-emergency items. In the 1992/1993 year no funds were spent from surplus. Surplus funds were not spent in earlier years as well. However, in the 1993/1994 school year \$150,000 was spent from surplus. It was reported that this was due to a reduced budget that was not adhered to and overspending occurred across various accounts. In the next year, nothing was spent from surplus because board won its budget appeal and received additional appropriations of approximately \$400,000. However, in the next year (1995/1996) \$211,622 was spent from surplus for out of district transportation and tuition costs. In terms of the current year (1996/1997), through December the district has spent \$49,657 for non-emergency items thus far.

The re-establishment of sound financial controls would eliminate non-emergency surplus expenditures. If the district implemented sound financial controls it would avoid spending from surplus for the remainder of the current year. This would be a beginning step to re-establish accurate surplus estimates and implement effective control over expenditures and revenues. We believe the board should spend surplus funds only for situations over which the board has little or no control such as emergencies.

The current Glassboro business administrator was not in the district when the budgets analyzed were developed. He believes that the district needs to have a 5% surplus to cover emergencies such as leaking roofs, major boiler breakdown, etc. In addition to these reasons, the district bookkeeper indicated that surplus was also needed to cover current obligations. The team's detailed cash flow analysis indicated that this was not the case.

Returning to the business administrator's reasons for surplus expenses such as major boiler breakdowns and major repairs, there are mechanisms to fund such expenses. One such mechanism is a Capital Reserve Account. The district can develop reasonable estimates of boiler life expectancy, major roof repairs, bus replacement, etc. It can then put money aside each year into a capital reserve account as authorized by statute (N.J.S.A. 18A:21-1 et seq.). The district has not established a capital reserve account even though many of its buildings are in need of major repair, boilers eventually need to be replaced, etc. Failure to include such funds in the budget understates the district's financial needs and thereby gives the false impression that the district has more money that it actually does.

The district should identify its capital needs for boilers, buses, and repairs to its buildings and consider costs differences under various financing methods such as a capital reserve account or bonds to fund these needs in a way that gives an accurate picture of the district's finances.

Another mechanism to help fund emergency boiler situations is the district's boiler insurance. This insurance pays for the depreciated value of the boiler. The capital reserve account works well with this insurance because it would help to pay the difference the depreciated costs and the actual cost to purchase a new boiler.

The team believes that the district can achieve the financial control over surplus it had two years ago i.e., 1.7% of total budget or even a significantly more generous 3%. However, the district would need to establish a mechanism to fund capital needs such as a capital reserve account, implement effective financial controls to more accurately estimate surplus and control expenditures and revenues and complete a detailed cash flow analysis.

The actual improvements in surplus estimates cannot occur until the 1997/1998 school year. At that time, the 1996/1997 audit will be complete, and the effectiveness of the improved financial controls on surplus, expense and revenue estimates and monitoring to ensure estimates are achieved will be known. In addition, the amount required for the capital reserve account will be identified. This should enable the district to better meet its original, more precisely figured, surplus estimates. Even with improved surplus estimations, the acceptable level of unreserved, undesignated fund balance will still be a discretionary issue for the board to resolve.

The information and discussions gathered for this analysis lead us to conclude that the district could have reduced its tax levy, provided greater funding for capital improvements, or more accurately depicted its total surplus from \$487,301 to \$246,343 based on the unreserved, undesignated fund balance as of December 31, 1996. Even if only half of that amount were applied towards tax relief, the district would have realized an additional \$123,171 to \$243,650 in revenue. Realistically, improved surplus estimates in the 1996/1997 and 1997/1998 budget years may vary this amount considerably.

Revenue Enhancement: \$123,171 to \$243,650 (one time)
Savings Through Accurate Revenue Estimates \$14,000
Total Surplus Savings \$137,171 to \$257,650

The Glassboro School District is not alone in the fiscal impact of excess surplus on school budgets and local tax rates. The surplus issues that exist in the Glassboro have existed throughout the state for many years. In 1990, an independent research group identified that "about half of New Jersey's school districts maintained unappropriated surpluses above 10% of current expense budgets, and a significant number of these districts maintained surpluses greater than 20%" The DOE released a report entitled "School District Budget Surpluses" using data as of June 30, 1994 which indicated that about 90% of the nearly 600 districts underestimated their surplus amounts. The original estimate of surplus statewide was \$273 million or 2.9% of the more than \$9 billion school districts budgeted for the 1993/94 school year. However, the actual surplus amount was \$513 million or 5.4% of the total budgeted. The amount of difference between the estimated 2.9% and actual 5.4% is a staggering \$240 million. Recall that Glassboro underestimated

surplus by 38.2% and 176.5% over the last two years. This compares to the statewide underestimate amount which was a dramatic 88% in June, 1994.

It is understood that each district has to determine what is a “reasonable” amount of surplus in its budget and implement proper financial controls to ensure these estimates are achieved. However, as illustrated, the accuracy with which the districts carryout their responsibility regarding surplus has significant implications on state and local taxpayers.

School districts should be able to develop a clear picture of their financial situation. Nearly all of their revenue and 80% of their expenses (salary amount) are known when they put their budgets together. Their challenge is to control expenses with the less than 20% that is uncertain.

Surplus can be used as a “hedge” against equipment or building problems that were not budgeted. However, with better capital needs planning, fewer unplanned problems would occur. Without these unplanned problems, surplus would only be needed for true emergencies. If there are no unplanned problems or emergencies, there is a temptation to use this “excess” surplus for other non-emergency uses. This works against sound financial control since managers can spend beyond their estimated expenditures. Moreover, without a clear financial picture of both short and long term needs, it is difficult to determine how much surplus to have and what portion should be used to meet funding needs versus providing tax relief.

The failure to openly address the surplus issue results in actual statewide surplus amounts exceeding estimates by nearly 90% or \$240 million. This situation reduces the credibility of government in general and school districts in particular and makes gaining public support more difficult. If districts would maintain the 2.9% unreserved, undesignated surplus amount that they estimate, and one half of the savings could go to tax relief, the tax burden could be reduced statewide by roughly \$120 million.

The recently enacted Comprehensive Plan for Educational Improvement and Financing adjusted the maximum surplus allowable from 7.5% to 6%. **It is recommended that additional provision be added to establish measures to require school districts to more accurately estimate surplus in the development of school budgets. Provision could be included indicating a range or margin of error with overages being returned to the taxpayer. Districts should be compelled to issue a financial statement with the closing of their books at the end of the budget cycle on June 30 with a reporting deadline of July 15. Should the reported surplus be in excess of projected estimates, discounting for the margin of error, then the County Board(s) of Taxation would reduce the local tax authority by that excess amount.**

AUDIT REPORT FINDINGS

The district made dramatic improvements in its financial controls and record keeping over the past year. In the audit report for the prior year, 1994-95, the auditor listed 23 separate findings and recommendations of areas needing improvement. The 1995-96 audit

report listed just three findings by comparison. The 1994-95 findings occurred across numerous areas as listed below:

- Financial planning, accounting and reporting (six findings)
- Unemployment Compensation Trust Fund (one finding)
- Board Secretary/Business Administrator's records (eight findings)
- Elementary and Secondary School Improvement Act of 1988 (four findings)
- Other special federal and/or state projects (one finding)
- School food service (three findings)

The findings ranged from "Payrolls were not approved by the Superintendent or certified by the President of the Board and Board Secretary/Business Administrator in accordance with N.J.S.A. 18A:19-9" to "The Board's acceptance of the Chapter 1 Grant was not recorded in the minutes."

In the 1995-96 school year the district implemented major improvements in its financial controls and record keeping. These are reflected in the audit report with only three findings. The district has already corrected two of them and is working on the third. The open issue is the establishment of the general fixed asset account group in the general ledger. The other two were relatively minor.

GRANTS MANAGEMENT

The district has had 22 grant programs in operation throughout the past two years. These include both entitlement and competitive grants for a variety of federal and state programs being implemented in the schools from the US Departments of Education and Agriculture. The agriculture grants are part of the national school lunch program which subsidizes meals for certain students. The education grants include Title 1, Title 2 Eisenhower (math and science), Title 4 Drug Free Schools Act, Title 6 Equipment, IDEA Special Education, the GENESIS program and Displaced Homemakers program. The district received nearly \$1.2 million in federal grant funds in 1995-96. The district CAFR report indicated that \$13,709 was carried over to the current year, an under expenditure of \$51,189 which was deferred from Department of Education programs and an over expenditure of \$37,480 from Department of Agriculture programs. The over expenditure of funds in the lunch program represents a deficit that the district may be required to cover if current year funds have not been sufficiently increased. The deferred amounts (unexpended funds) are subject to terms established in the grant awards and may be returned to the grantor if not spent within the designated grant calendar.

A review of the district's grants program revealed that significant year end balances have occurred over the past two years. As indicated in the audit report findings, a significant amount of funds have been lost to the district because of its inability to spend grant funds in the allotted time period. These are dollars lost for needed student educational programs and teacher staff development.

In school year 1995-96 a total of \$63,848 in grant funds was returned to grantors because the district was unable to spend the full amounts of the grant awards within in the dates established in the grants. A summary of the grants and amounts lost follows:

Table 4 Grant Funds Lost

Grant Name	Award Amount	Grant Period	Amount Expended	Amount Lost
Chap.1 Part A	\$53,558	1994/95	\$51,773	\$1,785
Chap.2 Prog.	7,348	1994/95	7,344	4
Strat				
Title 6	17,847	1995/96	17,764	83
Chap.2 Alt HS	50,223	1995/96	22,259	27,964
Cnty				
Chap. 2	843	1993/94	0	843
Carryover				
Math/Science	6,810	1993-95	105	6,705
Entitl.				
Math/Science	6,129	1994-96	6,007	122
Entitl.				
Title 2 Part B	11,534	1995/96	11,169	365
Drug Free	4,752	1993-95	0	4,752
Drug Free	5,273	1994-96	4,753	520
Drug Free	82,053	1994/95	61,355	20,698
Summer Yth	3,374	1994/95	3,367	7
Prog				
Totals	\$249,744		\$185,896	\$63,848

The total amount lost represents 25.6 percent of the total awards for the programs listed in the table above. The largest single loss of grant funds of \$27,964 was for a countywide alternative high school which the district inherited after neighboring districts who originally agreed to administer the program backed out. This program is now administered by the county. The second largest loss of \$20,698 was for the drug free program. The district reported that this was caused by an unwillingness of teachers to participate in training classes.

Based upon the most recent CAFR for the district, it appears that at least another \$60,000 in grant funds could be lost if not spent by the end of the school year. This includes several categories of IDEA grant funds as well as carryover amounts from the national school lunch program. The district reports that a portion of the drug free school grants are designated for non public schools who have not taken the funds despite district notification of its availability. Non public schools are not required to take funds offered by the government.

It is recommended that the district closely monitor grant funds in the current and ensuing years to minimize the loss of funds so valuably needed in the district.

PURCHASING

The district participates in several joint purchasing efforts with state, county and local entities to help lower the costs of goods purchased. They continually search out other opportunities in these efforts. As a result, the district has and can expect to save Glassboro taxpayers thousands of dollars. These factors help to ensure that the district obtains the lowest prices for its purchases.

The district has experienced that items can be purchased at lower prices when purchased in larger quantities. They achieve such savings through extensive involvement with cooperative purchasing efforts with numerous organizations. This is illustrated by several examples.

First, it purchases gasoline through a joint effort with the community.

Next, it purchases selected items cooperatively with approximately ten school districts in Gloucester County. One such effort is coordinated by the Pittsgrove School District through which large volume items such as copy paper is purchased. Another is with the Logan Township School District where food items such as milk, bread and ice cream for the cafeterias are purchased. The district estimates it saves \$5,000 on paper purchases and \$3,000 on food items.

The district participates in a joint purchasing effort involving environmental requirements. The Gateway District business administrator coordinates the Gloucester County School Environmental Consortium. This provides members with joint purchasing power for all environmental necessities including timely updates of new or revised regulations, organizing staff training on "Right To Know," assisting in implementing mandatory state, federal, and PEOSHA requirements, etc. Glassboro has taken the lead on many issues such as testing for lead, radon and water quality.

The district actively pursues finding new ways to expand its cooperative purchasing efforts. The business administrator has begun preliminary discussions with the business officials of the borough and Rowan University. Items under consideration for joint purchasing include natural gas, electricity, office supplies, computers, etc. Included in these discussions are other opportunities for shared services such as one providing grass cutting and dividing the costs among the participants on a usage basis.

Discussions are underway also with the county government to purchase natural gas cooperatively. The Gloucester County Purchasing Office with the assistance of State Departments of Community Affairs and Transportation, established the Gloucester County Cooperative Pricing Agreement. Municipalities and school districts have joined together to purchase items such as fuel oil and gasoline and in the near future will add natural gas. It is expected that a district the size of Glassboro will save \$40,000 to \$50,000 per year on natural gas when the process is established.

The need to purchase new classroom and office computer equipment is noted on other sections of this review. This will present yet another opportunity for joint purchasing.

The Woodbury School District established as the Local Education Agency (LEA) for technology purchases in the county and surrounding area. The Woodbury LEA has achieved excellent pricing for computers. Recently eight districts expressed need for computers with higher performance capability than was available under state contract. The group developed specifications for bidding and was able to purchase the computers they needed from an established vendor at a significantly lower price with a better warranty and maintenance agreement.

The district's extensive involvement in cooperative purchasing is due in part to the business administrators participation in the Gloucester County School Business Officials organization and through his aggressive pursuit of cost savings opportunities.

It is recommended that Glassboro continue to pursue these efforts to save taxpayers thousands of dollars through cooperative purchasing initiatives through networking with local community, college, county and state agencies. Other districts can achieve like savings results through extensively researching these cooperative efforts.

Beyond the cooperative purchasing initiatives, the district maintains sound purchasing procedures through its business office. Purchasing is initiated primarily from each school and controlled by the business office. Steps in the purchasing process are as follows:

1. An informal requisition is initiated by the teacher or person with the need. This is approved by the principal and forwarded to the business office as a purchase order (PO).
2. The business office verifies the proper account number is on the PO; that there are sufficient funds in the account; form is followed, that is all necessary data is included; and purchasing procedures are adhered to relative to pricing, state contracts being used where available and appropriate quotation and bid limits are followed.
3. The business administrator approves and signs the PO.
4. The business office then encumbers the funds, sends the PO to the vendor and copies to the requester. The blue copy the requester receives is used later to verify delivery.
5. When the requester receives the order they provide delivery information on the blue copy and return it to the business office.
6. The business office then completes a three way match between the blue copy, invoice and original PO. When there is a match the business office creates a bill list for board approval. When the board approves the bill list the business administrator signs off on the disbursement and a check for payment is sent to the vendor.

The board has developed purchasing policies covering issuing checks, authorized signing of purchase orders, issuing hand checks, etc. However, the board has not established clear and concise written procedures as outlined above. Having written procedures would ensure compliance with purchasing requirements and foster an efficient function.

It is recommended that the board establish clear and concise written procedures for the purchasing function.

The district usually purchases its school and office supplies under state contract because they generally offer the best pricing. However, if it believes that local vendors can provide significantly lower prices on selected items, it will solicit quotes from them. The district utilizes a combination of state contract and local vendor quotes to ensure that it receives the best price for the stated quality.

The district limits the number of partial payments it makes. Partial payments occur when a vendor delivers only part of an order and the buyer pays only for the goods received. When the remainder of the goods are delivered another payment is made. The district makes partial payments only in selected area such as service contracts. In service contracts an annual agreement exists but service is usually delivered monthly or on a scheduled basis. An example would be exterminator services. The district does not make partial payments for supplies orders. For example, if a supply order is given to a vendor, and only part of the order is delivered, payment will not be made until the entire order is delivered. This provides an incentive for the vendor to obtain the missing item(s) quickly and it reduces the need to cut more checks and create and track more paperwork. In unusual circumstances where a vendor is unable to obtain the missing item for an extended period of time, the order can be canceled and a new one created that is limited to the available items.

The purchasing function has both manual and automated parts. District personnel manually create purchase orders (POs), calculate totals, and process and maintain paper copies of the POs. POs are also manually delivered to and from school sites. After the PO form is filled out, all the PO data (PO number, account numbers, amounts, totals, vendors, etc.) is manually entered into the automated budgeting and accounting system. This tracks individual POs, encumbrance totals and balances for each account and produces reports such as open POs and purchases by vendor.

It is recommended that the district move forward toward total computerization of the requisitioning, purchase order, encumbrance, receipt and payment process including wire links between each school and the business office.

INVENTORY CONTROL

The district appears to have adequate inventory control over classroom and office supplies. The inventory system is generally operated in terms of ordering but decentralized in terms of storage and monitoring of usage. Each principal determines the amount of supplies needed and the business office combines all requests and purchases in bulk once per year. When the supplies are received, they are stored at each school per their orders. Each principal is responsible for distribution and monitoring of supply usage throughout the year and will submit POs on a need basis if additional items are required.

The business office coordinates the buying and storing of paper. Each principal provides the business office with its paper needs. The business office combines the individual needs and orders a year's worth of paper. This order is received at the maintenance facility. Paper needed for office work is distributed to each school having a copier for office

purposes. Paper needed for classroom use is stored primarily at the central office where photocopying is centralized for the district.

Except for Bullock School, photocopying classroom material is completed by one person at the board office. This centralized copying helps to control paper usage and copying. Bullock School was provided with one of the central office copiers last year to do its own copying.

The district also seems to have an effective system of control of maintenance supplies. Each year the district purchases the supplies in bulk. Maintenance and custodial supplies are delivered to the maintenance facility where they are stored in a locked area. The maintenance supervisor monitors and distributes supplies to the schools each month. In May-June, he meets with the head custodian in each school to identify the next year's supply needs based on the previous year's usage. Orders are adjusted based on any surplus amounts in storage. The maintenance supervisor uses state contracts or local vendors when their prices are lower by 10% or more.

FIXED ASSETS

The district continues to be out of compliance with state law by not having a fixed asset inventory in the general ledger. As noted (and referenced earlier) in the 1995-96 audit:

“A system has not been established to ensure that all additions and disposals of fixed assets are properly recorded in the fixed asset ledger.” (page 131)

The district is, however, taking steps to correct this situation. They hired a consultant to complete an inventory of the district's fixed assets. The report was completed in 1996. However, the district discovered some inaccuracies in this work and in December, 1996 hired a part-time individual to recount some of the inventory and place inventory stickers on all items.

It is recommended that the district establish a complete, current and accurate inventory system as soon as practicable. It should immediately establish control over items that are more susceptible to theft such as computer equipment and software.

INSURANCE

Insurance coverage in the Glassboro School District can be broken into three components: health insurance; workers compensation insurance; and other property and casualty insurance. The district has made efforts in all three areas to reduce costs and improve coverage, however, there are areas to realize additional efficiencies in all three areas.

Health Benefits

Health benefits in the school system are provided by one carrier who provides a point of service option where covered members can choose to receive in network services at a deductible of \$10 or go out of network at a percentage of the cost. This type of service

provision is usually favorable, however, the costs appear to be high when compared with rates for the borough's self insured option. If the district were successful in attaining a rate schedule similar to the borough's, the district could anticipate savings in excess of \$242,000. It should be noted that these programs are not necessarily equal in coverage, but in a sampling of borough employees, they appear to be satisfied with their coverage.

This savings does not include part time employees who work less than 30 hours per week who receive coverage but are not required to under board policies or by contract. The board should change this practice regarding part time employment and benefits. Total savings by dropping coverage to 31 such employees is approximately \$172,378. Subsequent to our field work review the district grandfathered all part time employees who received coverage. We suggest that the district permit these employees to purchase their benefits.

The district also permits retired employees under the age of 65 to purchase their benefits at district rates. Employees who take advantage of this provision do not have 25 years of service required to receive health benefits under their pension program insurance. This provision has created a higher rate for prescription insurance in the district. The district has no standing policy on medical coverage for this retirement group. The district should adopt a policy of not offering retirement coverage that places an additional financial burden upon the district. If retirees were separated from the active employees the district could expect to save at least \$26,100 to over \$28,000 depending on the method of pooling selected.

Should retirees be able to continue district coverage, then they should pay the true costs for this benefit. Their rate would increase but several cost containment measures could be instituted. These include mail order prescriptions, tightening of prescription rates through tight pharmacy network control or different deductible concepts such as a percentage or higher deductibles on name brands. Also the district could achieve savings through a mandatory generic program or a preferred manufacturer program. The district could achieve lower rates by using a combination of these different concepts and possibly save significantly on the amount the retirees have to pay as well.

Alternatively, if the district were to involve itself with the borough's health care plan, the prescription plan is built into the health care administration. Total prescription savings could be increased from the \$26,100 to over \$30,000. It is recommended that the school district seek better rates for both health care provision and prescription rates. This can only be accomplished following negotiations with the bargaining units.

Health benefits savings summary -

• Drop health care for part timers under 30 hours	\$172,000
• Change health care providers	\$242,000 to 542,000
• Charge retirees as a separate class for prescriptions	\$ 26,000 to 28,000
• Change pharmacy network	\$ 10,000
• Mandatory generic or preferred manufacturer program	\$ 20,000

• Change deductibles for name brand prescriptions	\$ 20,000 to 30,000
• Mail order refills and limits on prescription sizing	<u>\$ 10,000</u>
Total Savings	\$500,000 to 812,000

Workers Compensation

Until recently, the district has had a difficult history with insuring its employees for workers compensation. Prior to the current broker, it appears the district's insurers did not pursue cost containment through adequate follow up on cases and reduction of risk through effective safety programs.

In 1995-96 the district spent \$39,915 in claims for workers compensation. This is a reduction when compared with prior years' costs. The new insurer and broker have started to make inroads through the establishment of a safety committee, a thorough risk and safety assessment, a training program and purchase of safety materials. The school district is now pointed in the right direction.

Suggestions to the district to further improve a reduction of workers compensation costs include:

1. The safety committee should be chaired by either the superintendent or business administrator. "Safety begins at the top."
2. The safety committee should include the workers compensation claims coordinator as a member. This person has the most knowledge regarding the detail of claims and can add to the group's understanding.
3. The district should put out a quarterly safety newsletter to inform employees of the importance of safety.
4. The district should mitigate its safety exposure. Fixing leaking roofs, for example, would significantly reduce claim exposure.
5. The third party administrator should be on top of suspicious claims. Incidents of fraudulent claims were reported. Mitigating losses through investigation would reduce the loss history of the district. Past years had a larger number of claims and there are a few repeat claimants. Both a strong safety program and a solid enforcement program will maintain a low claims level.
6. The district should consider purchasing an on-line system to file claims. The cost of this system is approximately \$1,800. The savings could be negotiated in administrative charges from the third party administrator. According to the contract, administrative charges were \$26,500 per year. If the district were able to negotiate a savings of 10% of these charges, the system should pay for itself within one year.
7. The district's long term goal should be on improving its workers compensation claims history so that a well managed joint insurance fund is a viable alternative. First, they need to straighten out the details of a well managed safety program.

Property Insurance

The board has very good rates for its automobile insurance. The district could improve however by switching to a joint insurance fund with other districts for property and

casualty coverage. Prior to the change the district needs to improve its claims experience in workers compensation.

Broker relationship

The district should, as a manner of good business practice, solicit bids on a regular basis for brokerage relationships for both property and casualty insurance and health benefits. The bids and requests for proposals should stipulate how the broker is paid and what services the broker will provide. This does not have to be done annually in order to keep relationships active and to induce the benefits of competition into professional services such as insurance.

TECHNOLOGY

Glassboro uses different computer platforms for different purposes within the district. The business office uses both a shared mini computer (AS-400) for accounting and pupil information systems and another system which is a non-linked group of DOS/Windows machines. There is a need for a sense of focus to have the district improve its ability to both manage information and to incorporate technology in the classroom.

The district lacks a unified plan to expand the technological ability of the district. They have a commonly found desire and bad habit of providing (or not providing) computers and software without proper training or conversely, training without the machines and related software. An example of this is 18 teachers took a computer course at Rowan University designed for Glassboro staff only to have them return to their work assignments where there were no computers provided. Office staff, on the other hand, have computers but insufficient training.

Some responsibility for this lack of direction is the lack of a funding plan or the initiative to develop one. This is, in part, the misdirected priorities of the board in budget planning. A second explanation may well be the changeover of business administrators and inherent uncertainty in the business office over recent years. It appears there is now some stability in this office and that a comprehensive plan for information management may follow. A building program referendum which includes technology is also currently planned.

The district should undertake a comprehensive planning initiative so that money is well directed and used for technology needs and purposes. A plan should include:

- **An inventory of current hardware, software and literacy in each department and level;**
- **An assessment of the needs of each area;**
- **A prioritization of needs and the plan in terms of immediate, medium and long term needs;**
- **Estimate the costs of meeting those needs;**
- **Explore options and alternatives to fund and meet those needs;**
- **Include a comprehensive training of all staff appropriate to their abilities and to meet the mandates of the plan.**

A training program in the Camden School district in conjunction with Rowan University entitled "Project Teach" could well serve as a model for the Glassboro Schools. After completing a comprehensive training program, teachers are provided with a computer so that they may practice and use their skills. Follow up programs and utilization in the schools and offices occur so that the skills and computers must be used and not wasted.

The district must set technology as a top priority in all its planning whether it be in budgetary, staff development and training, curricular and building renovation or construction areas

FACILITIES

The Glassboro School District operates seven facilities. These consist of an administrative building, one high school, one intermediate school for grades 7-8, three elementary schools (a pre-kindergarten/kindergarten school, a grade 1-3 school and a grade 4-6 school) and one other used for an alternative special education program and child study team use. The buildings range in age from the Intermediate School built in 1927 to the Bullock Elementary School which was built in 1993. The other three schools were built in the 1950s and 1960s. The administrative building was built in 1985.

With the exception of Bullock School and Rodgers School, the school buildings in Glassboro are in extremely poor condition. The Intermediate School, Bowe School and Glassboro High School were found to be in worse condition than many of the inner city schools previously visited by LGBR review teams. Every building in the district has roof leaks, even the new Bullock building. The review team found five broken windows in the back of Bullock School, three of which had been broken several months earlier. Rodgers School had roof leaks around skylight areas.

The Intermediate School has major water leaks that impact directly on the health and safety of the students and staff. In October, 1996 a section of soaked ceiling tile fell on a student requiring medical attention and most of the ceiling plaster in the third floor girls lavatory crashed to the floor resulting in this facility being abandoned. The restroom door is now boarded up so that no one can enter. Girls on this level needing to use the restroom must go to the second floor below. This building also had other structural damage and is reported to contain asbestos. The building is aging and not conducive to a twenty-first century education.

Bowe School houses grade 4-6 grade students and was built in 1972. The school is designed with the open space concept of this time. Larger pod areas house grade level classes with enrollment of classes sized in the fifties with several teachers, aides and student teachers supervising. Some of these areas are sub-divided by portable partitions and furnishings to accommodate smaller groups of students. Special subject classes have their own instructional spaces. However, overcrowding has caused one instrumental program to have lessons in a locker room which is no longer used as a student changing

area but still appointed with locker room fixtures. Other tutorial programs such as basic skills use closet storage areas. Major roof leaks throughout Bowe School also cause health and safety concerns. There are buckets and waste containers all through the building to catch dripping water. In one room there was a large sheet of plastic attached to the ceiling to funnel water into containers. There is evidence of stained ceiling tile and carpeting everywhere. In one large instruction area there was a strong pungent odor of mold/mildew. Students, staff and parents have expressed complaints causing the Board of Health to respond.

The High School is in equally poor condition. This nicely designed 30 year old school looks old and tired. It is dirty and unkempt. There are water stained ceiling tiles throughout the school and buckets were seen in several areas to catch leaks. Students complained of the leaks, plumbing that doesn't work and of a lack of working audio visual equipment. The new principal has made efforts to cleanup the school with painting and cleaning parties where students, staff and parents volunteered to make improvements. She has expressed concern over the cleanliness and condition of the building and has taken action to correct these problems.

The district spent \$128,318 over the past five years on roof repair, mostly for patch work. They spent \$29,000 in 1995/96 and \$10,000 more through November of this current 1996/97 school year. According to the district, they spend approximately \$111 per day for clean up operations each time it rains. According to climatological data from Philadelphia International Airport (thirteen miles distance from Glassboro "as the crow flies"), there were 108 incidents of precipitation (rain, snow, sleet, etc.) in calendar year 1995 totaling 29.61 "water equivalent" inches. This means there are approximately 108 times per year when the district must clean up after measurable rainfall. With a cost of \$111 per day and allowing for days school is not in session when less clean up effort is required, the district spends over \$10,000 per year just for roof leak clean up. This value could be saved by fixing the roofs permanently.

When interviewing faculty, they expressed pride in student achievement and staff accomplishments. They expressed concern over building conditions, the lack of technology and problem with having no funds to replace old and broken instructional equipment. They stated these conditions impact on school morale. Several workers compensation claims have been filed as a result of the unsafe building conditions.

This condition is another example of budgetary savings over recent years to keep taxes low which actually result in increased costs. The budgeting of no funds for capital improvement and preventative maintenance has proven to be costly instead.

The district is now taking steps to correct the building deficiencies through a full study of all facilities and the planning of a proposed referendum to fund district facility needs. The superintendent and board is commended for undertaking this needed step through a program of inclusion of the community. An ad hoc facilities committee including members of the community, elected officials, administration, board, faculty and students met intently

several times from July through November after nearly two years of study to review needs and attempt to prioritize plans to correct them. Some 40 people participated. They arrived at several options which were presented to the full board of education for consideration. Included in the study were architectural and technological reviews and cost estimates.

Options and alternative plans were wide ranging and not without controversy. Cost estimate projections were equally wide ranging and controversial. Essentially three plans with alternates within each were being considered. These range from renovation and repair of maintenance requirements including wiring for technology and networking capabilities to replacement of one or two schools with price tags from \$17.5 million to \$26.8 million. The third plan is somewhere in the middle taking some of each of the other two and including expansion of several of the buildings to meet enrollment and educational program requirements. This option has an estimated cost of \$25.5 million.

A return mailer survey outlining the three options and their costs including space for comment was mailed to all citizens in mid-January for community input and opinion. Ultimately, the taxpayers will decide the course of action for the community.

Controversy centers around the renovation and/or replacement of the Intermediate School. From the exterior, the building has a beautiful facade fitting the time of its construction. It also has a sentimental and nostalgic value to the many residents who attended and graduated from the school over the years. However, to renovate to correct needed major repair items and meet ADA requirements and to retrofit for technology education would appear to be prohibitively expensive with the type of construction employed in this building. In addition, the building contains asbestos which would be required to be removed with any renovation adding substantially to the costs.

There are available options to save the Intermediate School as a community resource. First, the community is in need of expanding its facilities. While the building may no longer be viable as a school, it may well be useful to the community for office space and for recreation/meeting facility needs. Second, with its attractive facade and prime Delsea Drive and highway 47 and 322 intersection location, the building could be sold and utilized for private business purposes. The athletic field behind the school could be retained for community use.

Should the community have use for the building, it is suggested that the school and town elected officials enact an exchange of land the town owns for the building the school district owns. This would save the taxpayers considerable funds for land acquisition for a school site and the building for community use. District and community officials should explore their mutual facilities problems and needs together.

Another item of debate is the consideration of also abandoning Rodgers School due to its smaller size in an effort to save administrative costs. This school is in good condition, sits on an excellent site in a residential neighborhood and services its younger student

population very nicely. It is not recommended that this option be exercised. The savings would not offset the value of this school facility, location and program.

Creative funding options such as joint school district and municipal common use of facilities, foundations, and partnerships with business and industry should also be explored and considered to defray construction, equipment, technology and furnishings costs.

CUSTODIAL COSTS

The board of education employs 29 custodians to clean its seven buildings. They are supervised by a supervisor of buildings and grounds under the direction of the school business administrator. Of these 29, six work the first shift with the remaining working the second or third shifts. The salary and wages plus benefits costs of the custodial operation was \$754,326 plus a cost of \$63,457 for operation and equipment for the 1995/96 school year.

The total square footage of these seven sites is 405,286 square feet. This is represented as follows: Glassboro High School - 181,002 sq. ft.; Intermediate School - 53,604 sq. ft.; Dorothy Bullock School - 84,000 sq. ft.; Thomas Bowe School - 57,672 sq.ft.; J. Harvey Rodgers School - 17,120 sq. ft.; Elsmere School - 5,358 sq. ft.; and George Beach Administrative Building - 6,530 sq. ft.. This calculates to 16,211 sq. ft. per custodian.

The aggregate cost per square foot for custodial services in Glassboro is \$2.29. This is higher than the American School and University's annual publication cost standard for the northeast region of \$2.11. Although this appears on the surface to be close to the standard on a district wide basis, several individual buildings greatly exceed this standard. Private sector custodial costs for the central New Jersey area is \$1.95 per square foot. Costs in southern New Jersey are generally less than other parts of the state and have been estimated to be \$1.90 per square foot. **It is recommended that the district reorganize their custodial costs to more closely align with local industry efficiency standards. A savings of over \$158,062 could be realized.**

The following chart illustrates which facilities could benefit from a more efficient operation:

Table 5 FACILITY CUSTODIAL SQUARE FOOT COST

<u>Building</u>	<u>Sq. Ft.</u>	<u>S & W +B</u>	<u>O & E</u>	<u>Subs</u>	<u>Cost/sq.ft</u>	<u>OT</u> <u>Impact</u>
Admin. Bldg.	6,530	\$18,474	\$1,024	\$1,005	\$3.13	\$ -
High School	181,002	\$209,761	\$28,340	\$7,037	\$1.35	\$0.03
Intermediate School	44,764	\$175,144	\$7,009	\$7,037	\$4.22	\$0.04
Bowe School	57,672	\$158,051	\$9,030	\$4,021	\$2.97	\$0.03
Bullock School	84,000	\$164,604	\$13,152	\$6,032	\$2.18	\$0.07

Elsmere School	5,358	\$22,768	\$839.00	\$1,005	\$1.83	\$0.02
Annex	2,570		\$402.00			
Annex	6,270		\$982.00			
Rodgers School	17,120	\$33,269	\$2,681	\$1,005	\$2.16	\$ -
Total	405,286	\$782,071	\$63,457	\$27,143	\$2.15	\$0.04

To compute the salary and benefit costs for custodial supervisory and office staff we calculated the total cost for these personnel at \$85,956 times 66% allocated to this function equaling \$56,731 divided by the 405,286 sq. ft. equals \$.14 per sq. ft. Added to the custodian cost the total cost for custodial services in Glassboro is \$2.29 per sq. ft. Materials and supplies are bid competitively each year.

An option to consider is to negotiate an agreement with Rowan University to jointly bid custodial services. Rowan currently obtains these services for approximately \$1.46 per square foot. This prorated calculation would save Glassboro Schools \$336,387.

Total savings \$158,062 to \$336,387

MAINTENANCE & GROUNDS

The district employs two maintenance and two grounds personnel. Requests for maintenance work originate with the building principals. Work order requests are dispatched by the supervisor. The district maintenance workers are responsible primarily for light/cosmetic work. Capital maintenance and projects involving skilled trades are contracted out. The district seems to place emphasis on grounds upkeep. As poor as the building conditions are on the inside, the grounds are well kept and neat.

The district paid \$110,682 in salary, wages and benefits for maintenance personnel and \$86,400 for grounds personnel during the 1995/96 school year. The operation and equipment costs were \$57,377 for maintenance and \$17,363 for grounds. The combined cost for maintenance and grounds was \$271,822. This is equivalent to \$.67 per square foot of building space. The supervisory and office overhead costs add \$.07 per sq. ft. totaling \$.74 per square foot for this maintenance and grounds function. Costs for like services contracted out in the private sector are \$.68. **If the district could achieve this level of efficiency the savings would be \$24,317.**

An option to this recommendation would be to negotiate a cooperative agreement with the municipality to have the board maintain all municipal facilities in exchange for the town maintaining all grounds. This would increase the scale of each operation making each more cost effective and provide more efficient use of and avoid the duplication purchase of expensive equipment.

Table 6 TOTAL PERSONNEL COSTS FACILITIES AND GROUNDS

<u>POSITION</u>	<u>NUMBER</u>	<u>WAGES</u>	<u>BENEFITS</u>	<u>SUBTOTAL</u>
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Custodian	29	\$600,054	\$182,017	\$782,071
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Maintenance	2	85,800	24,882	110,682
Grounds	2	66,977	19,423	86,400
Administration	2	63,690	22,266	85,956
TOTAL	35	\$816,521	\$248,588	\$1,065,109
				Savings \$24,317

ENERGY EFFICIENCY

The board and administration are commended for their initiative to increase energy efficiency of their facilities by contracting with an energy management company. The contract projects savings in dollars making the stated outcome subject to energy cost fluctuations. A more accurate measurement would be to measure the savings in kilowatt hours and therms, then backing this number into the market price for each type of energy. This could then be compared with the per month cost of energy for the preceding year to the one when retrofit of the facilities took place. Adjustments could be made for degree days of energy usage for heating purposes. (See Appendix B for trackage of energy usage for gas and electricity for the year preceding the energy management contract.)

From experience with energy management contracts in other districts, it is recommended the district receive regular reports from the company documenting savings and to monitor these reports and contract closely to ensure savings as stipulated in the energy management contract.

VEHICLE MAINTENANCE

The vehicle maintenance operation is staffed by a mechanic and a mechanics helper. The district operates and maintains 25 school buses and 14 other vehicles. The total cost for salary, wages and benefits for 1995/96 was \$96,054. Operation and expense for vehicle repair was \$50,933. This equates to an average cost per vehicle of \$3,768.

We recommended that the district contract with the municipality for vehicle maintenance. The borough has an excellent facility for vehicle repair. They currently share an adjacent facility with the school district for its vehicle maintenance operation. If the level of efficiency currently achieved by the municipal operation could be applied to the district fleet the savings would be an estimated \$39,858 per year.

Annual Savings \$39,858

SECURITY

The district recently augmented security through hiring four security aides for the High School and one for the Intermediate School. The team found the security effort at the High School to be inconsistent. At various times when visiting the school, the level of

security was either visible with a sign in position at the main entrance or totally invisible with no one in sight. Students assist with the sign in procedure.

In addition, the district has renegotiated its contract with borough police to provide security for school interscholastic athletic events. The original police contract had the district paying police at overtime rates plus a 10% administrative fee. The district felt this was excessive and unfair and attempted to employ college security to meet their needs. Finding that according to state athletic conference rules that uniformed and sworn police officers are required, they renegotiated a more fair flat rate fee without administrative costs with the borough. The net savings of this change is about \$1,000. The district paid approximately \$3,905 for auxiliary police in 1995/96. This situation caused hard feelings between school and borough officials.

Further savings could be realized by reducing the number of officers at each event. Currently three to four officers cover home football games and two for basketball games. If these numbers were reduced to two for football games and one for basketball games, the savings would be approximately an additional \$1,250 per year. The police have radio contact with headquarters and could call for assistance if warranted.

Savings \$1,250

TRANSPORTATION

Transportation is a major cost item in the Glassboro School budget. According to the 1995/96 CAFR the district spent nearly one million dollars for transportation excluding benefits (health, social security and pension), insurance, maintenance and depreciation. Factor these costs in and the expense exceeds a million dollars. This is an exorbitant expense for a community that encompasses just 9.2 square miles. There is significant opportunity for savings in this area.

In the review of this area it was found that just about anyone who wishes to have a ride to school can do so regardless of where they live. The district subscribes to the concept of courtesy busing. This has become a growing situation over the years. Should a parent request transportation and a bus goes nearby to their residence, the request is granted. Although the district did not have concrete numbers for students receiving courtesy busing, it was estimated that two-thirds of its students receive transportation who reside within the state limits of two miles for elementary students and 2.5 miles for secondary students from their schools. State code sets these limits, therefore, the district does not receive funding for transporting these students.

Recent school funding legislation will now permit courtesy busing to be within the district's budget cap but will still not fund it. Legislation passed within the past two years permits subscription busing whereby parents can be charged for the privilege of having transportation if they reside within the set distance limits. This is in essence a "user fee" and as such is fairer to taxpayers than the provision of unfunded transportation at all taxpayers' expense.

In another perspective, spending on transportation has minimal direct impact on student achievement. Providing a bus ride to children who don't require or are not entitled to one takes needed instructional dollars from all students.

Savings in transportation costs can be realized in a variety of ways.

In District vs. Contracting Out for Transportation Services

Transportation costs cited above included costs for transportation already contracted privately. This occurs primarily for out of district routes for students attending special programs outside of the district and for some trips for academic and extracurricular activities and athletics. After these contracted transportation costs are subtracted and other related costs are added for comparison, the level of expense for the in district transportation is \$867,300. This calculates as follows:

Salaries for transportation (drivers, aides and mechanics)	\$ 470,000
Benefits @ 30%	<u>141,000</u>
Subtotal - Salaries and benefits	\$ 611,000
Supplies (fuel & parts)	73,500
Insurance (@ \$2,500 per bus x 25 buses)	62,500
Bus depreciation (@ \$5,000 per bus per year)	<u>125,000</u>
Total cost for in district busing	\$872,000
Estimates for Contracting Privately	\$ 421,000 to \$ 500,000
Savings	\$372,000+

The district can realize this considerable savings by contracting out for these in district routes. This savings is predicated upon the district continuing to transport students as they do presently. The bulk of these savings would be ongoing annually. However, there are some issues that would have to be taken into consideration.

- The district currently has a fleet of vehicles of varying age and value. When switching to contracted busing some of this value would be lost or diminished. Some vehicles could be sold to recoup some of the loss and a few could be kept for special transportation need for which the district may not want to contract on a per trip basis such as field trips or other student activities.
- Once buses are no longer owned by the district, the district loses flexibility to return to their own fleet because they lack the capitalization to purchase new equipment.
- The district has a committed work force that may or may not be employed by the contractor. Some have been with the district a number of years and earn as much as \$15.50 per hour (\$24,000 per year).
- The district will need to be diligent in maintaining control over their contract over time.
- There appears to be a lack of competition of busing vendors.

The district could mitigate some of these negatives through careful management. An option to contracting totally at one time may be to bid out packages of routes as either employees or buses are set to retire. This, of course, would not bring the economies of scale and the savings may be realized in small segments over a longer period of time. Bid specifications could stipulate that drivers interested in employment with the contractor must be provided with that opportunity. The district could also build in the sale or lease of buses into the specifications with the contractor.

Courtesy Busing

Courtesy busing is predicated on there being hazardous streets and highways in Glassboro that make safe passage by walking dangerous for children. Routes 47 (Delsea Drive) and route 322 bisect the community north and south and east and west respectively. Historically, children walked to school and crossed these highways at traffic lights and with crossing guards as recently as the 1970s. This was before highway route 55 was opened to bypass Glassboro to diminish the “Delaware to the sea” traffic of Delsea Drive. As businesses and shopping centers were built along Delsea Drive, traffic lights were added totaling six on route 47 and four on route 322 from the western border of the community to its intersection with Delsea Drive.

Traffic is heavy on these streets but not any more so than many streets and highways in other towns and cities. Children cross these busy streets with the assistance of crossing guards or unassisted safely every day.

As indicated above, as courtesy busing was introduced or added to address a perceived hazardous condition, more and more riders were added as a matter of convenience or simply because a parent requested it. People in the district have become accustomed to a higher level of busing service as a result of this series of incremental changes in policy through the years.

According to data provided by the district and community, there are nine crossing guards that serve the district at two locations each. The district could reduce ridership and the cost of transportation if the borough would increase the number of crossing guards. When asked how many guards would be required, one district employee plotted out a need for 36 guards. We believe that estimate to be overly excessive. The real need may be less than half this number.

A second concern is the lack of sidewalks in some areas of the community. In assessing this need, this too is exaggerated. Streets such as Focer Street/Fishpond Road, Holly Drive and Carpenter Street near Main Street have need for sidewalks. Most streets have sidewalks on at least one side of the street.

In discussing these concerns and the high cost of courtesy busing with borough officials, courtesy busing was termed as “ridiculous”. Further, it was revealed that additional

crossing guards were offered to the board as an alternative but refused. In addition, it was stated that there are grant moneys available to offset some of the costs of sidewalks. There is a recognition that sidewalks are a one time expense while the cost of busing continues year after year.

It is recommended that the board and community officials undertake a joint study of the efficacy of installing sidewalks and utilizing crossing guards to reduce/eliminate courtesy busing. Further, a detailed traffic pattern analysis including the utilization of traffic lights should be included in the study.

A second recommendation, to follow this study, is to discontinue all courtesy busing to all students who cannot be documented as residing outside state determined distance limits who are proven to be in areas where it is truly hazardous to get to and from school. Should parents or board policy be insistent to continue to provide courtesy busing, then it is recommended that subscription busing at parent cost be initiated. On the basis of district costs charted above, it is projected that it costs \$465 per student to transport each to/from school. If the cost of depreciation were taken out of the formula, then the cost is \$398 per student per year. The parents of these students who are courtesy bused should bear the cost of this service. When parents were interviewed regarding this payment, most said they would be willing to pay their share. When high school students were interviewed, they conveyed many did not use the bus service and would not object to losing it.

If all courtesy busing were eliminated a savings of \$581,091 ($\$867,300 \times .67$) would be realized. If parents contributed 75% of the lesser amount of \$398 per student transported (\$300 per year or \$150 per semester), a savings of \$373,000 could be made.

The actual savings would be less since it is suggested that students eligible for free and reduced lunches not be charged for busing, that pre-kindergarten and kindergarten students currently bused to Rodgers School continue to be provided transportation, and students attending Bullock School who reside outside a determined distance radius from the school may be provided with transportation. These younger students may well have need for transportation. Intermediate and high school students should not be courtesy bused.

It is conceivable that with a minimal capital investment in sidewalks, the option of subscription busing and the proper and timely placement of school crossing guards, the district could reap significant savings and still provide safe passage to and from school.

Bus Routing

Another area to explore to achieve cost savings is in that of bus routing. Several factors could help to effect more efficient routing and result in cost savings. These include:

- Institute changes and more flexibility in school hours. Bowe School parents (and staff) have petitioned the superintendent to change the hours of Bowe School. They were changed this year to accommodate needs and routing times for Bullock School resulting in a late start and dismissal times that parents say are inconvenient and impact on student learning. Minor changes in the High School from a 7:35 to a 7:25 start and at the Intermediate School from 7:55 to 7:50 could effectively move up the start time for Bowe to a more reasonable 8:25 AM. These changes would ease unrealistic cramping of route times and be more effective.
- Update and maintain the existing database to facilitate record keeping in the future.
- Replace currently ineffective software for bus routing with better mapping and routing packages available to the district. Costs of this software varies based upon level of sophistication that the packages possess. If the district were to purchase a system, the costs (approximately \$20,000 including hardware) would be offset by time and money saved.

A variety of options to saving considerable amounts of dollars have been proposed. Any savings realized in transporting public school students in Glassboro would carry over to non-public students as well for the same conditions would apply to both. Options from privatization to elimination of courtesy busing to subscription busing to replacing busing with sidewalks and crossing guards have been suggested. Savings in these options range from \$367,000 to \$581,091. In some cases a combination of options such as competitive contracting and subscription busing may work to effect even greater savings than a single option. This combination could result in savings of approximately \$500,000 and would be most worthy of consideration.

It is recommended that this whole matter of transportation be the subject of intense study utilizing the resources of the community and the experiences of other districts. It is realistic to suggest that \$500,000 in savings is worth the effort and can be achieved.

Transportation Savings \$500,000

FOOD SERVICE

An extensive review was conducted of the district's food service program. This included interviews with the food service director and other personnel, visits to school kitchens and cafeterias to observe operations, and the analysis of various documents. A careful analysis was done of the financial records as reported in the Comprehensive Annual Financial Report (CAFR) for the years ending June 30, 1995 and 1996.

According to CAFR and budget guidelines, if a district receives state and/or federal reimbursement for food service costs or collects fees from students for the cost of meals, the entire food service operation activity must be recorded in a separate enterprise fund and not within the general fund of the budget. Any contribution made by the board toward the food service operation is reported as a lump sum contribution transferred to cover any deficits. These costs should not be included elsewhere in the budget. However, if the full

cost of the operation is funded by the board, the expenditures should be categorized and reported in the general fund.

The Glassboro Board of Education receives state and federal reimbursements and collects fees from students for meals. Therefore, the district should report the entire food service operation in the enterprise fund. Enterprise funds are used to account for operations that are financed and conducted in a manner similar to private business enterprise with the intent that the costs of providing goods or services be financed through user charges.

We found that the benefits for the entire food service staff were not properly charged to the enterprise fund. Based upon a conservative estimate of 30% of food service wages for benefits, \$68,191 was paid by the board from the general fund. One staff member who worked 6 hours in the food service and 31 1/2 hours in the copier room's salary (\$2,680) was not proportionally charged to the food service. This represents an unreported deficit totaling \$ 70,871 in the food service program operation.

Salary for the share time employee	\$ 2,680
Benefits for remaining food service staff @ 30%	<u>\$ 68,191</u>
Total Deficit	\$ 70,871

The following table illustrates the actual profit and loss for the food service program.

Table 7 Food Service Enterprise Fund

	Income Statement	
	<u>1995-1996</u>	<u>1994-1995</u>
Revenues		
School Lunch	120,689.00	107,108.00
School Breakfast	236.00	169.00
Other	90,020.00	77,233.00
Non-operating Income	<u>311,989.00</u>	<u>259,453.00</u>
Total Revenue	522,934.00	443,963.00
Expenses		
Salaries	265,717.00	281,145.00
Supplies and Materials	19,331.00	13,055.00
Depreciation	18,315.00	11,523.00
Cost of Sales	<u>215,774.00</u>	<u>197,241.00</u>
Total Expenses	519,137.00	502,964.00
Net income (loss) before adj.	3,797.00	(59,001.00)
Adjustment		
benefit (30%)	68,191.00	61,371.90
Salary	2,680.00	2,412.00
Total Adjustment	70,871.00	63,783.90 **
Total expense after adjustment	590,008.00	566,747.90

Net income (loss) after adjustment	(67,074.00)	(122,784.90)
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Total Salary	268,397.00	283,557.00
Total Benefits	68,191.00	61,371.90
Total Salary and Benefits	336,588.00	344,928.90

** Estimate benefit was calculated base on the salaries for the school 95-96 less 10%.

Glassboro schools currently charges \$ 1.55 for student a lunch in the elementary school, \$1.60 in the middle school and \$1.70 in the high school. Reduced price lunches are \$.40. Breakfasts are \$.80 and reduced price breakfasts are \$.30. Teachers and staff members can purchase their lunch for \$2.70 in the schools.

Table 8 Analysis of Number of Meals

Lunch	1995-1996	1994-1995
Paid	72,870	68,937
Reduced	16,981	13,910
Free	103,932	97,689
Total	193,783	180,536
Breakfast		
Paid	873	274
Reduced	789	583
Free	27,910	23,810
Total	29,572	24,667
Total Meals	223,355	205,203
Food Cost	215,774	197,241
Food Cost Per Meal	0.97	0.96
Overhead Cost	374234	369507
Overhead Per Meal	1.68	1.80
Total Cost Per Meal	2.64	2.76
Percentage of Food Costs	36.57%	34.80%
Percentage of Overhead Costs	63.43%	65.20%

Staffing for the food service program includes three full time employees and 29 part-time employees. Full-time food service employees work 37.5 hours per week including a half-hour paid lunch. Part time employees work 15 hours to 30 hours per week. Nineteen employees receive full family coverage health benefits work more than 20 hours per week. Thirteen food service employees work less than 20 hours (15 to 17 hours) and receive no benefits. One staff member works 27.5 hours per week with no benefits. Salaries for full time food staff employees range from \$8.29 to \$11.08 per hour. Salaries for part timers range from \$6.67 to \$7.61 per hour.

The district has two production kitchens and three satellite kitchens. Production kitchens are located in Glassboro High School and Bullock School. The satellite kitchens are located in the Intermediate School, Thomas E. Bowe School and Rodgers School. The production kitchen in the High School prepares lunch for Bowe School, Elsmere School, Rodgers School and the print shop behind the Intermediate School. The production kitchen in Bullock School prepares lunch for the Intermediate School and kindergarten at Rodgers School. All lunches are sent to satellite kitchens and heated before being served in the cafeterias. It was reported that there are two deliveries from different production kitchens to the Intermediate School due to the time of the lunch periods. It would be more efficient if either the lunch periods were adjusted to enable one delivery or that warming trays be provided to keep the food warm until the time it is served.

All accounting records (except payroll) for the food service program are separate from the main accounting system. As the result, the board could lose control over food service expenditures.

The Gloucester County Office is coordinating a “joint purchasing consortium” for some food items used in the food service programs within the county. Food items include baked goods, juice, milk and ice cream.. Most local schools put in the effort to make this joint purchasing consortium successful. Lower prices are generally offered with large quantity purchases. The team supports this good practice.

Recommendation:

Even though the food service program has experienced a tremendous improvement under the new food service director showing a reduced loss from \$122,784 to \$67,074, the food service still carries a large deficit. The food service operation is an enterprise program which is intended to be self-supporting and any contribution made by the board should only be to cover any unforeseen deficits. The continued operating losses demonstrate the district’s need to take remedies to correct the deficiencies.

Following are two options recommended for the board to consider.

Option 1

- 1. New rules adopted by the State Health Benefits Commission on September 21, 1995 effective October 16, 1995 now permit school districts to set a higher work week standard before an employee is considered “full time” and eligible for benefits. Currently state employees must work a minimum 35 hours a week to qualify for free benefits. It is recommended that the district should review this issue. This change if implemented could increase the savings by \$48,760.**
- 2. Increase the lunch prices to the state level. The state lunch prices are \$2.00 for high school, \$1.85 for middle school and \$1.70 for elementary school students. This could bring in additional revenue of \$14,889.**
- 3. Eliminating two kitchen aide positions could save the district \$8,000.**

4. All accounting records for food service should be recorded in the enterprise fund in the main accounting system.
5. All expenses related to food service should be recorded into the enterprise fund, including employee benefits.
6. Purchase orders for food service must be made by the purchasing department with the approval of the business administrator.

Option 1 savings \$71,649

Option 2

Contract the food service operation out with a private management company. Based upon the team's review of private food service contracts in other districts, the total cost including food, labor and management fee for a typical food service program ranges from \$1.00 to \$2.00 per meal. According to industry standards, the average cost (adjusted 1995 costs) of producing and serving a school lunch is \$1.96.

Cost per meal for Glassboro	\$2.64
Cost per meal from private management	<u>1.96</u>
Net savings per meal	\$.68

Number of meals served in 1995-96	223,355
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Savings \$151,881

Throughout the State of New Jersey there are approximately 200 school districts that contract food services with management companies. They have generally reported a tremendous degree of satisfaction with the system. The reality is that excessive costs must be eliminated whether it is done by the Board or through some form of competitive contracting.

Total Food Service Program Savings \$71,649 to \$151,881

SPECIAL EDUCATION

The number and distribution of special education students in the Glassboro School System has remained relatively stable over the past three school years (Table 8). In the 1995/1996 school year there were a total of 334 in-district special education students. This represents 14.0% of the total student resident population of 2,383. Ninety percent of the students receive an education within the district. These students can be divided in three categories of: self contained special education students (51.8%); resource room (35.6%); and, received from other districts (2.7%). The percentage of students sent out of district is 10.0%. The majority of these students (7.3%) are sent to private schools.

Table 9 Overview of Special Education Students

	1995/ 1996	Per-cent of Total	1994/ 1995	Per-cent of Total	1993/ 1994	Per-cent of Total
In-District						
Special Education Students On Roll	192	51.8%	211	53.4%	228	57.3%
Full Time						
Total Received Full Time	10	2.7%	20	5.1%	28	7.0%
Resource Room	132	35.6%	129	32.7%	112	28.1%
Total In-District Special Education (unduplicated count)	334	90.0%	360	91.1%	368	92.5%
Speech Instruction and Supplementary Instruction (included within the number immediately above)	183	N/A	170	N/A	176	N/A
Out of District						
Total Sent Out-Of-District Full Time to Public Schools	9	2.4%	7	1.8%	8	2.0%
Total Sent To Private Schools	27	7.3%	27	6.8%	22	5.5%
Regional Day School	1	.3%	1	.3%	0	0.0%
Total Out-Of-District Special Education	37	10.0%	35	8.9%	30	7.5%
Total Special Education (unduplicated count)	371	100.0%	395	100.0%	398	100.0%

Note: all of the above information comes from the district's ASSA reports.

The costs of special education programs are usually higher than non-special education programs. These increased costs result from lower student teacher ratios, the use of aides in the classroom, more intensive curriculum, student individual education plan (IEP) requirements and specialized staff requirements. Glassboro's special education program is sensitive to these higher costs and takes steps to lower them where possible.

Some examples of the district's efforts to reduce special education costs are shown below.

- **Dual Certification**

In the 95/96 school year the district experienced a need for two regular teachers due to increased enrollments. Instead of hiring new teachers, the district transferred existing teachers who had dual certification in regular and special education. After revising teacher schedules a small gap was left in special education services. This gap was handled by contracting part time special education services. The district estimates that it saved \$50,000 (difference between \$60,000 for two full time teachers including fringes, minus the \$10,000 for increased part time special education services).

- **Waivers**

The district requested the New Jersey Department of Education to grant waivers that reduce program costs with little or no impact on service. Some examples are: completing a focused rather than a full child study team evaluation saving roughly \$2,000; increasing flexibility in classroom scheduling by moving students between self contained classrooms and resource centers (cost savings unknown); and, increasing the supplemental class size from 5 to 8 students (costs savings unknown).

- **Regional Resources**

The county recently established a regional council to share special education spaces with other school districts. This will enable districts to more completely fill available special education spaces. Glassboro participates in this council and expects costs savings to occur. Later in this section the estimates of costs savings from more fully using available special education spaces are provided.

Medicaid Reimbursement

In another effort at saving costs, the district participates in the Special Education Medicaid Initiative (SEMI), a Medicaid Insurance reimbursement program to maximize state revenues. The program reimburses the state and local districts for certain medical related costs incurred for Medicaid qualified special education children.

Glassboro is enrolled in the program and has been filing claims since May, 1995. The NJ Department of Education (DOE) develops estimates of the number of students in each district who may be Medicaid eligible. As of February 19, 1997 Glassboro has received a total of \$9,762 in claims reimbursements. The district has not filed claims on a regular basis and does not appear to have registered all children who are eligible.

It is recommended that the district monitor the number of students for which claims are being processed to verify that it is claiming their full share of Medicaid reimbursements and submit claims on a regular basis.

Out Of District Special Education

Efforts are made to provide as much in district placement of special education students as is deemed feasible. Special education students are not sent out-of-district unless the district is unable to provide an appropriate level of education. The district assesses yearly the needs of the special education population.

The cost of out-of-district placements ranges from \$25,716 per students in private out-of-district placements to \$9,216 per student in a regional day school.

Table 10 Cost-per Pupil for Out-of-District Special Education

School Type	Number of Students	Estimated Average Tuition Per Pupil	Estimated Average Transportation Per Pupil	Estimated Average Cost Per Pupil
Private	35	\$22,335	\$3,381	\$25,716
Public Sent	16	\$ 9,398	\$3,381	\$12,779
Regional Day	2	\$ 5,835	\$3,381	\$ 9,216
Other Public	29	\$11,211	\$3,381	\$14,592
Avg. Public		\$10,309	\$3,381	\$13,690

Notes:

(1) Data sources are as follows: average tuition costs came from the spreadsheet maintained by school accounts clerk for 1995/1996; costs came from the district's bookkeeper; and the number of students was derived by dividing total costs by average cost per student.

(2) the number of students shown above does not reconcile with the ASSA report because ASSA data is as of October 15 while our numbers are more precise because they are based on actual expenditures and contract amounts for the 1995-96 school year.

Self Contained Classes

The district maintains 25 self-contained special education classes, distributed among six different schools to provide instruction for 227 special education students (see Table 11). In an effort to help the district identify ways to control special education costs, the review team analyzed whether special education classes were at full capacity. As shown in Appendix C, the team found that only 79% of the current capacity is used leaving a maximum space for 60 additional students. If students could be brought in from out-of-district placements to fill these 60 positions, they could be educated within the district without hiring any additional teachers or aides. In fact, there would be no cost increases except for relatively minor increases for items such as supplies, special instructional needs, perhaps some additional speech services, etc.

Differences in age grouping or other circumstances may preclude the district from filling every special education classroom to capacity or that special situations may exist as a result of analysis completed by the Child Study Teams (CST). The review team also realizes that "allowable capacity" means "maximum" number of students, not "recommended" number of students. However, it is imperative that the district continue to carefully scrutinize this matter every year and be certain that resources within the district are utilized to the fullest extent possible.

Table 11 Self Contained Class Capacity - 1995/1996

Classifica-			Age	Aide Present	Number of	Class Capacity	Avail.
tion Type	School	Range		Y=Yes,N= No		With & Without	
1	PI	Bowe	10-11	N	7	Aide 10	Space 3
2	PI	Bowe	11-13	Y	10	13	3
3	PI	Bowe	9-10	N	7	10	3
4	PI	Bowe	11-12	Y	11	13	2
5	PI	Bowe	10-12	Y	11	13	2
6	PI	Bowe	9-11	Y	8	13	5
7	PI	Bullock	8-9	Y	12	13	1
8	PI	Bullock	7-12	Y	10	13	3
9	PI	Bullock	7-8	Y	11	13	2
10	PI	Bullock	8-9	Y	8	13	5
11	PI	Bullock	6-7	Y	10	13	3
12	ED	Inter.Sch.	12-15	Y	8	11	3
13	ED	Inter.Sch.	12-15	N	7	8	1
14	PI	Inter.Sch.	12-14	N	15	13	-2
15	PI	Inter.Sch.	11-13	Y	14	13	-1
16	ED	Bowe	9-11	Y	7	11	4
17	ED	Workshop	15-18	Y	8	10	2
18	ED	Workshop	15-18	Y	9	10	1
19	ED	High Sch.	14-15	N	7	8	1
20	ED	High Sch.	15-18	Y	8	11	3
21	MH	Bullock	7-9	Y	8	11	3
22	MH	Rodgers	5-6	Y	10	11	1
23	PSH	Rodgers	3-4	Y	7	11	4
24	PSH	Rodgers	3-4	Y	7	11	4
25	PSH	Rodgers	3-4	Y	7	11	4
Total					227	287	60
Percent of capacity used:					79%		

NOTE: Special Education Classifications are as follows:

PSH - Pre-school Handicapped

TMR - Trainable Mentally Retarded

ED - Emotionally Disturbed

EMR - Educable Mentally Retarded

PI - Perceptually Impaired

AH - Auditorially Handicapped

EDT - Eligible for Day Training

MH - Multiple Handicapped

NI - Neurological Impaired

In terms of sharing available special education spaces with surrounding school districts, the Gloucester County Special Services School District (GCSSSD) recently (Summer,1996) established a group to accomplish this goal. The group is called the Gloucester County Special Services Regional Council and its membership includes 22 of the 33 districts within the county. Sharing available spaces will help to reduce the cost for all districts participating in this effort because classes can be filled closer to capacity. Further savings will be realized with placements in public schools which are generally less costly than private school placements.

An analysis was made of the available special education spaces in Glassboro in terms of special education classification categories and the ages of students in each category to see how many students could potentially be returned to the district from out-of district private and public placements, and then how many of the remaining spaces might be filled with students from other districts.

Recommendations:

1. Return out-of-district students in private placements to in-district classes whenever appropriate programs and services can be delivered. The LGBR believes there are six such students who could possibly be returned to the Glassboro District for a cost savings.

Savings would be based upon \$22,737 for each private placement special education student brought back into the district (\$25,716 average costs for private placement special education students minus \$2,979 which is one-quarter of the average cost for in-district special education students to cover increased supplies, special individual needs, etc.) Returning the six students at \$22,737 each to the district special education classes would realize a savings of \$136,422. Savings \$136,422

2. Return out-of-district, students in public placements to in-district classes whenever appropriate programs and services can be delivered. The LGBR believes there are two students who could potentially be returned to the Glassboro District.

Savings would be based upon \$10,711 for each out-of-district, public placement special education student brought back into the district (\$13,690 average costs for public placement special education students minus \$2,979 which is one-quarter of the average cost for similar district special education students to cover increased supplies, special instructional needs, etc.). Returning two students at \$10,711 per student to district special education classes would realize a savings of \$21,422.

Savings \$21,422

3. Return other public (e.g., GCSSSD) students to in-district classes whenever appropriate programs and services can be delivered. The LGBR believes there are five students who could possibly be returned to the district classes.

Savings would be based upon \$11,613 for each public placement special education student brought back into the district (\$14,592 average costs for “other public” placement special education students minus \$ 2,979 which is one-quarter of the average cost for similar district special education students to cover increased supplies, special instructional needs, etc.). Savings realized by returning five students at \$11,613 would equal \$58,065. Savings \$58,065

4. Increase the number of tuition paying emotionally disturbed (ED) special education students from other districts to fill available spaces. With an estimated six spaces available at a tuition of \$14,388 each, it is projected that revenue earnings totaling \$86,328 is possible. Potential revenue \$86,328

5. Although cited as a positive relationship in the Best Practices section of this report, it is recommended that the district explore assuming full responsibility for the Cherry Hill Alternative School program for district emotionally disturbed children. With the program already being housed in the district, a portion of the tuition payment for each of the students participating could be saved if the district took over the class. With a current enrollment of nine students costing \$12,200 each in tuition totaling \$109,800, approximately \$25,000 in savings could be realized after offsetting costs for hiring staff to teach the program (teacher and aides plus contracted support services). Net Savings \$25,000

As noted earlier the GCSSSD recently began coordinating placements on a county wide basis. We believe this effort will help to fill some of the remaining capacity at Glassboro. Perceptionally impaired students are seldom sent out-of-district by other schools. Therefore, we conservatively estimate that only the remaining six emotionally disturbed spaces can be filled with students from other districts. If these spaces were filled, Glassboro would receive a significant increase in tuition with no increase in costs.

In the 95/96 school year a dramatic \$328,373 (51.9%) increase occurred in tuition and transportation expenditures for special education children placed in private out of district schools. The decision to place these children were coordinated through the office of the director of special services. The director explained that this cost increase was due to a variety of factors including: some students became problematic during the year and had to be sent to private placements; new preschoolers entered the district who needed special services; and, the district experienced a significant increase in the number of students requiring special services in the 1995/1996 school year.

The business office indicated that they were surprised at the large increase and struggled to find the funds to pay it. Obviously, the district is required to provide programming necessary for each child; however, these decisions were apparently made without a full understanding of the financial impact to the district so that the cost of other appropriate options could be compared. The director acknowledges that the full cost implications

were not identified completely; namely, transportation costs. When the district identifies the full costs of a placement, it can more accurately evaluate program alternatives.

Recommendation

The district should establish clear procedures for evaluating program alternatives including who will identify total costs and how costs will be considered in special education decision making. Lines of communication between the director and the business administrator should be established and open.

The director of special services completed a report titled “New Special Education Programs and Budget Impact 1996/1997 School Year.” The report identifies new programs, changes to existing programs and savings that will be achieved in the 1996/1997 school year. Because the team’s analysis covers the prior school year we did not analyze the director’s report in detail; however, we want to applaud the director’s efforts to continue searching for ways to use resources more efficiently in the 1996/1997 school year as indicated in the report.

Total Savings Special Education: \$327,237

BASIC SKILLS INSTRUCTION (BSI) PROGRAM

In the 1995/1996 school year the district had 780 students receiving basic skills instruction (BSI) in grades pre-kindergarten (PK) through grade 12 (see table below). Included in these figures are English as a second language program (ESL) students. ESL students receive support instruction in reading, writing and language development.

The district has 15 teachers and 27 aides who work mostly part time in the BSI program. The district spends approximately \$800,000 per year or \$1,300 per BSI student (see table) on the program(s). The costs are split roughly evenly between state and federal funding.

The district integrates the basic skills students into their regular classes. Students are selected to participate in BSI either through test scores or teacher recommendation. Tests used include a teacher assessment checklist for PK and K, the IOWA achievement tests for grades 1 through 8, the ITED (Iowa Test of Educational Development) for grade 9 and the HSPT for grades 11 and 12.

The ultimate goal of the BSI program in Glassboro “is to put itself out of business”, i.e., have children progress to perform up to acceptable levels. The program monitors student progress through improved test scores and teacher input indicating the student(s) performance has progressed significantly and that additional help is no longer needed.

As indicated in the staffing section of this report, it is recommended the district assess the need for the number of aides employed in BSI and to employ individuals with qualifications that may include teaching certificates to these positions in order to provide the best teaching support possible.

Table 12 Basic Skills Instruction Program

	95/96 (2)	94/95	93/94
Student Count			
GRADE			
PK	46	47	41
K	77	68	63
1	68	95	86
2 (1)	55	72	62
3	68	58	64
4	62	61	26
5	75	20	36
6	40	50	21
7	39	35	33
8	64	53	38
9	74	71	72
10	48	51	46
11	42	29	36
12	22	11	4
Total Students	780	721	628
Costs			
Basic Skills/Remedial:			
Salaries of teachers	\$252,640	\$223,977	\$400,812
Salaries as percent of total expenditures	N/A	81.1%	92.5%
Other salaries for instruction	N/A	\$21,404	\$23,072
Other purchased services	N/A	\$20,376	N/A
General supplies	N/A	\$2,518	\$1,288
Other objects	N/A	\$8,000	\$8,000
Total basic skills/remedial	\$297,224	\$276,275	\$433,172
Total Federal Funds	\$356,552	\$345,153	\$404,906
Grand Total	\$653,776	\$621,428	\$838,078
Total Students	780	721	628
Cost Per Student	\$838	\$862	\$1,335

(1) For 93/94 the district did not receive federal funds for second graders because they were not tested with IOWAS. Therefore, these 62 students are not officially counted in the program. They are included here because they received the same program services as the other children.

(2) the costs for School Years 95/96 and 94/95 could not be readily identified. Beginning in 1994/1995 the District was not required to break out all BSI costs. The District's Bookkeeper indicated that the number of staff and the hours worked are similar to the 1993/1994 School Year when BSI costs were fully identified.

GUIDANCE

The district guidance program is a responsibility of the supervisor of special services. However, while officially under the supervisor's direction, the guidance counselors are responsible to the principals of the buildings in which they serve. The supervisor also coordinates the testing program and test results with the counselors. As a result of this dual governing of the counselors, there is a wide diversity in duties of the counselors depending on which school they worked in. For example, at Bullock School the guidance counselor provides classroom instruction on a weekly basis while at Bowe School emphasis was on individual and group counseling activities.

The district provides guidance counseling services at all grade levels. The district has purchased a social decision making curriculum and is implementing it in grades k - 6. Under this model students receive training in self-control and social awareness (k-3) and strategies for thinking through problems (4-6). A study skills packet and peer mediation are emphasized in the Intermediate School. The High School guidance program focused on career goals and conflict resolution. At the pre-school level guidance is provided bi-weekly for 30 minutes of group counseling activities. Principals expressed the desire for additional guidance services. Following is a table providing a summary of district counseling activities and costs:

Table 13 Summary of Counseling Activity & Costs 1996/97

School	# of Students	# of Staff	Ratio Staff/Stud.	Total Cost	Percapita Cost
High School	572	3	191	\$247,934	\$433
Intermediate	359	1	359	86,502	241
Bowe	537	1	537	61,191	114
Bullock	593	2	270	59,650	101
Rodgers	283	.5	566	5,000	18
Districtwide				9,300	N/A
Total	2,344	7.5	313	\$469,577	\$200

Most of the guidance counseling resources are expended at the secondary level. The high school guidance department is staffed by a director/counselor, two additional counselors, and two secretaries who service 572 students. The Intermediate School is staffed by a single counselor and a part time support person who serve 359 students. Bullock School is staffed by two counselors, one of which is part time and also provides services to Rodgers School for special needs only students. They and a part time support person serve 593 students. Approximately 200 special education students in the district are provided counseling services through two social worker positions on the child study team.

The New Jersey Department of Education's comprehensive plan for educational improvement and financing suggests guidance counselor standards as follows:

Elementary (k-5) 1 for 500 students or a ratio of 500:1

Middle school (6-8)	2 for 675 students or a ratio of 338:1
High school (9-12)	4 for 900 students or a ratio of 225:1

Based upon these standards it appears that the district could make some adjustments to realign current guidance services within the district. Some shared time support of a female counselor from the High School and/or Bullock School to the Intermediate School would balance out the ratios and provided needed assistance to girls at a sensitive age in a building where there is only a male administrator and counselor.

While guidance counselors at each school do communicate on an as need basis, there is no regularly scheduled or planned system to share experiences or information. There does not appear to be any routine reporting of guidance activities to the superintendent.

It is clear that there is a need to strengthen communications between school counselors at every location and across grade and building level. Without a plan to communicate regularly, the guidance program is not as effective as it should be. It would be useful for counselors to meet on a regular basis to share experiences and explore potential approaches to resolving common problems. There is little documentation in this area.

Inconsistencies exist from building to building. In the Intermediate School a monthly report of guidance activities is provided to the principal while at Bullock School only the number of student contacts is provided to the principal on a monthly basis. It is unclear what monthly activities are reported at the high school and Bowe School. What is clear is the need for the establishment of a districtwide format of communication that will provide administrators and teachers with current trends among students in the district.

Recommendation:

The district has an organizational structure that lends itself to run a highly effective guidance counseling program. However, a need exists for more interaction between counselors at the various grade levels and better reporting of counseling activities to building and district administrators and teachers. Further, a better and more equitable distribution of counseling services is needed between the schools as recommended in the NJ DOE standards. For example, the therapeutic counselor currently located at Bullock School charged with counseling only special needs students may be more effective given districtwide responsibility. This would reduce other counselor case loads thereby making more students reachable. Activities found to be successful such as the peer mediation program at the High School should be expanded to include the Intermediate School. Also as suggested, a female counselor should be available at the Intermediate School.

HEALTH SERVICES

The supervisor of special services also has responsibility for coordination of the most of the district's health services. Excluded from this responsibility is the athletic physician duties and those of the athletic trainer. Included are four full time and one part time nurses. A third component of the health program is a separate physician to handle workers compensation cases.

The nurses are responsible for medical checks, medication administration, coordination of inoculations, first aid and occasional classroom instruction. The High School and Bullock School each have a full time nurse while the Intermediate School shares its nurse with Rodgers School and Bowe School shares its nurse with Elsmere School. The part time nurse works exclusively at Rodgers School.

The board has contracted with a local hospital family health center to provide contracted service health services such as physical exams for third, sixth and ninth grades, student referrals, administer HVB shots and inservice on Hepatitis to employees as necessary, write standing orders for each nurse and to provide child study team physicals. Two separate contracts have been executed for a district athletic physician and a certified athletic trainer.

The 1996/97 district budget for health services was \$192,003. This represents an increase of \$24,821 over the previous year's spending of \$167,182. The increase is largely due to increases in salaries which represent 88.4% of the total increase. The district attributes the increase to a combination of factors. The first is that the cost of the Intermediate School nurse only represents a part of the school year making prior year costs \$13,000 less. Second was a 4.25% salary increase and third was the hiring of the part time nurse for Rodgers School. All salary dollars were spent to pay the district nurses.

Professional health services also increased by more than 20%. Administrators attribute this cost to the contracting with the local hospital family health center. However, the current year contract does not call for any increases in charges from the previous year.

The combination of these factors have resulted in an overall increase of 14.9% in the health services budget from 1995/96 to the 1996/97 school years. Based on prior year spending, it appears that the current year budget may contain more funding than is required to continue health services for this school year. Following is a breakdown of the district health services costs:

Table 14 Health Services Costs 1994/95 Through 1996/97

Budget Category	1994/95	1995/96	1996/97	Increase
Salaries	\$146,586	\$150,562	\$172,503	\$21,941
Prof. Services	10,041	9,842	12,100	2,258
Travel	334	275	500	225
Gen. Supplies	9,160	6,503	6,900	397
Totals	\$166,964	\$167,182	\$192,003	\$24,821

When compared with four other similar districts, only Woodbury spent less than Glassboro for health services during the 1994/95 school year. It is clear that if the district continues to increase at the current rate, it will not compare as favorably over the next few years. The costs of the trainer, athletic physician and proportionate costs of the supervisor of special services are not included in these amounts.

Recommendations:

In discussions with an area private health services provider, it was reported that they could provide all of the district's health services including athletic physician and trainer costs for less than Glassboro Schools now pay. **It is recommended that the district investigate the possibility of contracting out all health services and seek request for proposals for these services. This would promote competition and insure cost effectiveness.**

The district should also budget more accurately the costs of health services and eliminate the overage in these accounts.

Savings undetermined

ATHLETIC PROGRAMS

Athletics may be another area of misplaced priorities. It was reported that \$400,000 was spent in facility and equipment improvements for the athletic program over recent years. In addition, a 21.1% increase in athletic program costs occurred from 1994/95 to 1995/96. These moneys were provided while the High School science department has had no improvements in lab facilities and equipment in over 20 years; while there is zero budgeting in instructional equipment and no dollars for replacement of broken audio-visual equipment; and while the district's students and staff lack technology equipment and training. Further, as the high school athletic budget grows, non athletic student extracurricular activities are decreasing in the High School, Intermediate School and Bowe School.

The cost of school sponsored athletic programs in the district has fluctuated over the past three years. The following table provides athletic program costs for 1994/95 through 1996/97:

Table 15 Costs of Athletic Programs 1994/95 Through 1996/97

Category	1994/95	1995/96	1996/97	Change
Salaries	\$102,408	\$115,584	\$112,590	\$10,182
Purchased Serv.	28,860	46,074	56,887	28,027
Gen. Supplies	27,067	30,283	20,177	(6,890)
Misc. Expenses	5,645	6,690	3,950	(1,695)
Totals	\$163,980	\$198,631	\$193,604	\$29,624

The district attributes this 21.1% increase to some prior year belt tightening which resulted in the suspension of freshman and eighth grade athletic programs. With the restoration of these programs and the hiring of an athletic trainer for the 1995/96 school year, spending increased to current levels.

When comparing to four similar districts for the 1994/95 year, the district was actually spending less than any of these. However, student per capita costs for athletics were higher for Glassboro (\$476.33 per student participant) than for Woodbury (\$384) and Buena Regional (\$381.46). This may not be accurate since we do not have data reflecting the number of activities sponsored. The addition of the athletic trainer at a cost of \$12,100 was a new expense for 1995/96. Overall, Glassboro spends nearly one percent of its budget on athletics.

The salary costs include stipends paid to teaching staff who serve as coaches for the various sports activities. The amount of the stipend is a negotiated percentage of a base contract (\$30,500 for 1995/96). The amount of \$115,584 budgeted was over \$13,000 over the estimated \$101,260 paid in stipends for 1995/96.

In addition to coaches stipends and the athletic trainer salary, the districts contracts with a local physician who provides medical services to student athletes. The district paid \$4,300 for athletic physician services for 1995/96. They pay \$85 per hour for services and \$150 per football game. The rates did not change for the 1996/97 school year.

The district athletics are supervised by a part time athletic director who also teaches in the district. He is responsible for the coordination of the programs, equipment, schedules, arranging transportation to away events, monitors participation levels in various sports programs and supervises the coaches. There are 33 coaching positions being held by 27 individuals for the various sports teams. Thirteen of the 27 are adjunct coaches from out of the district. All must be certified to teach.

The district sponsors 17 sports activities including cheerleading. The most popular activity is football with 64 participants. Following are baseball and softball. A total of 417 students participated in sports activities representing 20% of the total student population.

The district pursued student interest in developing a swim team three years ago but was unable to provide one due primarily to the prohibitive costs of rental time of one of the Rowan University pools.

The athletic programs require an estimated 22 trips per month for out of district events. Over the course of a school year this calculates to approximately 198 sports trips. The cost for these sports related trips was \$14,750 during the 1995/96 school year. This represented a reduction of over \$3,000 from the \$18,095 spent the previous year. The average cost per trip was \$74.49.

It is recommended that the district closely scrutinize their total athletic program costs and do some comparative analysis with other districts.

EXTRACURRICULAR ACTIVITIES

Budget/Expenditures

Extracurricular activities are provided for students in the High School, Intermediate School and the Bowe School. Based on expenditure reports, the district has been able to end the year with either a surplus in the accounts or been able to transfer funds from this category to offset costs in other areas in the past two school years.

Table 16 Summary of Extra Curricular Activities Costs 1994/95 through 1996/97

Category	Adjusted Approp. '94/95	Spent '94/95	Balance '94/95	Adjusted Approp. '95/96	Spent '95/96	Balance '95/96	Adjusted Approp. '96/97	Spent '96/97	Balance as of 10/96
Salaries	\$39,739	\$24,139	\$15,600	\$25,675	\$25,675	\$ 0	\$34,860	0	\$34,860
Purch	0	0	0	0	0	0	500	0	500
Svcs									
Gen	0	0	0	0	0	0	500	0	500
Supplies									
Misc.	11,069	5,655	5,414	5,500	5,500	0	11,500	160	11,340
Expend									
Totals	\$50,808	\$29,794	\$21,014	\$31,175	\$31,175	\$ 0	\$47,360	\$ 160	\$47,200

The district has clearly been overbudgeting this area for the past three years. In the 1994/95 school year a year end balance of more than \$20,000 was available. In the 1995/96 school year the year end balance was zero but we found that these accounts would have had a \$15,000 balance if part of the initial appropriation of \$46,391 had not been transferred out of this account. The current year appropriation appears to be more than is needed based on the past two years of expenditures. We estimate at least a \$15,000 surplus in this account for the current year.

Recommendation

Budget projections as measured against expenditures for this category have been excessive over the past two years and the current year appropriation appears to be more than is needed. We suggest that the district plan more accurately the annual budget appropriations in these accounts to reflect the actual amount required.

Clubs and Activities

There are a total of 62 clubs and activities throughout the district for which teachers are currently authorized as advisors. Forty-one (41) of these organizations are located in the High School, 16 in the Intermediate School and five in the Bowe School. Bullock and Rodgers Schools do not have extra curricula activities. We found very high levels of student participation in activities. In the High School which has an enrollment of 714 students, the participation in extra curricular activities was 1,162 students. This amounts to the average student being active in 1.63 activities. In the Intermediate School with 366 students enrolled, the participation in extra curricular activities was at least 179 students. This amounts to about one half the total students being involved in activities. At the Bowe School which has 696 students, at least 239 were involved in extra curricula activities.

Teacher/advisors in most cases were receiving a stipend which ranged from a low of \$498 to a high of almost \$1,800 per year in the 1995/96 school year. We did find a few exceptions where teacher advisors were not receiving a stipend. These were all located in the Intermediate School and were identified as relatively new activities. The team developed a per capita cost per student for each club based on the teacher stipend. The following table provides a summary of average costs by school.

Table 17 Average Per Capita Cost of Extra Curricula Activities 1995/96

School	# of Activities	Avg Student Participation	Avg Stipend Paid	Avg Percapita Cost	Range
High School	24	48	\$ 763	\$ 16	\$ 4 - \$ 77
Intermediate	12	22	733	33	\$ 0 - \$152
Bowe	5	48	894	12	\$ 9 - \$124
Total/Avgs.	41	39	797	\$ 20	\$ 0 - \$152

For the 41 activities identified, there were significant differences in the costs based on student participation levels. Some costs appeared to be high. For example, the per capita cost of the graphic services club in the Intermediate School was \$152. This club had only five students participating. Similarly, the yearbook in the Bowe School had a per capita cost of \$124 since only six students participate in this activity. The range of costs could not be isolated to a particular club or activity. Staff attribute this wide range of costs to the length of time an activity lasts during the school year. Compensation is reportedly more for year round activities than for seasonal activities.

Recommendation

The district should evaluate the per capita cost of activities and establish a policy regarding the point at which an activity becomes too costly and should be eliminated or the stipend reduced.

SCHOOL DISTRICT/MUNICIPAL SHARED SERVICES

The district pursues many shared service opportunities in the educational community of Gloucester County. Some of these have been cited in sections of this report. They have been found to be effective in realized cost savings. There are additional opportunities for savings within the community. Some discussions have taken place between the business administrators of the school district, municipality and Rowan University. They need to aggressively pursue this area.

In the course of analyzing school and municipal departments by the LGBR, it became apparent that some were operating on a scale that was too small to be cost efficient. By increasing size with both the municipal and district governments and perhaps those of the college joining together, tax payer dollars could be saved. The details for both individual entities and the collective arena of cooperation are matters for negotiations between the participants. The district and municipality already cooperate informally in several areas including sharing use of equipment and use of a section of the borough garage for district bus and vehicle maintenance. They cooperate formally in purchase of vehicle fuel and use of athletic facilities.

The example of vehicle fuel purchasing works as follows: the borough highway department purchases the fuel for all Glassboro vehicles; the district fuels its vehicles at borough pumps and is billed by the borough for its usage; and the highway department fuel computer logs the quantity of fuel used by the board of education and then bills the board by transferring actual fuel bills equaling the amount consumed by the district to them for payment.

Although this is a shared cost savings initiative, the process of accounting and billing is cumbersome. A more efficient system would be for the municipality to just bill the board on a cost per gallon used. The municipality should budget the full expense and anticipated revenue.

Other areas follow where savings would result from cooperation between borough and schools are suggested as follows.

Facilities

The board of education and municipal government have similar problems relative to the inadequacy of their facilities. A significant amount of taxpayers money could be saved by having both governing bodies look at facilities needs of the entire community together and negotiate a cooperative agreement on how current and future facilities needs can be met with the smallest expenditure of capital.

It is recommended that the board and municipality explore solutions to current needs jointly. Both could benefit. One of the district proposals for bonding for school renovations and replacement is abandoning the Intermediate School as they did with the Academy Street School. There is a nostalgic attachment by many in the community to this structure. Therefore, demolition may not be viable. The building is in need of repair and upgrades. The level of these upgrades would not be nearly as great for a government entity as for a school. The use of this building could solve the overcrowding problem experienced by the municipality in its facilities. The board needs land for a new replacement school and could make use of the soon to be vacant water and sewer office and surrounding property. The board and mayor and council could negotiate an exchange and the details of costs. The taxpayers would benefit from this cooperative effort to meet the needs of both entities through utilization of properties already in existence and for less expense.

Building Maintenance

The board has two in house maintenance personnel while the municipality has no staff dedicated exclusively to building repair maintenance. The size and scale of this operation could be enhanced if all local government buildings in Glassboro were maintained by a single unit. The board has a more comprehensive building maintenance operation than does the borough. To organize both under one joint department should not be a problem and would result in a gain in economy of scale.

It is recommended that the municipality and the district organize a single building maintenance operation for all local government buildings.

Grounds Maintenance

The board of education grounds maintenance operation and municipal parks operation each maintain their own property. Each owns equipment and vehicles to do the same functions. The district has two personnel to do its grounds work while the town has -- persons doing its grounds maintenance. Following is a listing of vehicles and major equipment owned by each body:

Borough Parks Dept.

1 station wagon
4 trucks
2 mowers
1 tractor mower
2 trailers

Board of Education

2 trucks
2 tractors
2 mowers
1 aerator
1 seeder
2 mower decks
4 snow plows

In addition to the parks and recreation department's lawn care equipment, the borough's highway department has mowers, etc. for grass cutting along roadways as well as an extensive listing of other heavy equipment. Further, the borough's water and sewer department has its own trucks and equipment.

It is the recommendation that all of these operations come under one proposed public works department and that the board of education's grounds operation be included. This would provide a larger more manageable scale of operation and allow for more efficient use of equipment and personnel without duplication.

Vehicle Maintenance

The school district vehicle maintenance function is an expensive operation. This is primarily due to the small scale of operation. It costs the district on average \$1,022 more per vehicle to maintain its vehicles than it costs the municipality.

It is recommended that the board negotiate a vehicle maintenance agreement with the municipality and eliminate its vehicle maintenance operation. As indicated earlier, this would result in a savings of \$39,858.

Other Shared Service Opportunities

It is recommended that the borough administrator and school business administrator continue to explore opportunities for shared services and joint savings. Areas discussed such as purchasing of paper supplies and fuel energy as well as other areas should be pursued vigorously. The business administrator of Rowan University should be included in these investigations and in the suggestions above for additional savings possibilities.

ROWAN COLLEGE

Historically, there has been a sense of pride in the community of being a "college town" and an enjoyment of that sense of identity. This feeling peaked in June, 1967 when then President of the United States Lyndon Johnson and Soviet Premier Aleksey Nikolayevich Kosygin held their famous summit talks at Holly Bush, the college president's on-campus home. This positiveness has deteriorated dramatically in recent years to a sense of antagonism in the community today. This is attributed in part according to residents and officials to the name change from Glassboro State College to Rowan College causing a loss of community identity. However, it is attributed even more to a perception projected by the college that they are a regional institution and that of community and school officials that the college is more of a drain on community resources than an asset.

The Rowan University campus occupies approximately 200 acres within the borders of Glassboro taking up nearly 32% of the community. As a state college, it is tax exempt and thus, pays no taxes to the community. The community received Payment In Lieu Of Taxes (PILOT) under the Consolidated Municipal Property Tax Relief Act (CMPTRA) in the amount of \$242,839 in 1995. The estimated 1995 tax revenue loss on college affiliated property that is tax exempt according to borough tax officials is more than \$1,000,000. This is based upon the assessed value of the college property at \$112,617,100. This represents 20% of the total valuation of the town. The net loss in tax revenue to the community is over \$750,000 per year.

The negative financial impact of the college to the community is measured in having an influx of 9,213 full and part time students to a community with a population that is less than double this size (17,384). In addition, an estimated 410 faculty members and over 500 non-faculty employees add to this population. These 10,000 plus people bring a demand for services which far exceed the value of the PILOT aid. For example, it was reported that one around the clock police officer for a year (equates to 2.5 FTE officers) alone exceeds \$242,839 when calculating salary, benefits and related police officer costs.

The college argues that this loss is made up in community business, employees and other revenues generated by it being situated in the community. This is unfounded and when asked to do so, the college was unable to provide any documentation to substantiate this claim. In truth, the majority of those employed by the college do not reside in Glassboro but in surrounding communities instead. This is especially true of the professional staff.

The concern of the community and school officials regarding the college's position as a regional institution, is in the fact that the college gives little in return for its resident status and community advantages it receives. The college officials feel no obligation to the community in which it physically resides. Their position is that whatever they "give" to the Glassboro residents or students they must (or would have to) give to other communities and students in the region. The LGBR community review addresses the community liability side. The college gives very little to the borough's schools.

The college could be a tremendous asset to the children and staff of the Glassboro schools. There is opportunity to share in areas of facilities, technology, human resources, student opportunities, staff development, curricular development, media and research, shared services in purchasing and operation, etc. Opportunities are nearly endless. The college is unwilling to share any of these resources without cost. And, they are unwilling to give the local district a break or reduced costs. Their position is, "If it costs, we can't give and everything costs."

Two examples illustrate this. In the first, the college did arrange for a separate computer course for Glassboro staff. Eighteen teachers took the class but were required to pay full tuition costs. The LGBR feels that Rowan University could have charged a cost for providing the class but not at full tuition rates. They should have provided a reduced rate for the local district's teachers. The teachers were reimbursed by the school district. Therefore, resident taxpayers paid the bill.

In the second example, the students of Glassboro desired to have a swim team but the district does not have a pool. The college has two pools. When the district inquired of the college about pool usage they were provided with a fee schedule equal to that of another district who rents the pool (Washington Township). Glassboro district felt that they could not afford this expense. The college would not offer a reduced rate citing their "regional institution position". The district does not have a swim team.

On the other hand, the district is totally open to the college and its needs. They serve as a teacher training center for college students. When college students can't find student teacher placement elsewhere or are rejected by other districts, Glassboro schools take them. District administration and staff receive repeated requests from college students for interviews, observation, research, etc. as part of their college course requirements and rarely refuse. When the college had need for use of district facilities for special events or emergencies, they were granted.

College, school and community officials have begun to talk regarding shared service and cooperative agreements. This is a positive step. However, Rowan University can do much more and be far more receptive to Glassboro school and community needs as a local community entity. When this concept of regional vs. local district sharing of college resources and providing reduced cost opportunities to Glassboro's schools was discussed with the Gloucester County Superintendent of Schools, it was his position that other districts in the county would have no problem with "favorite status" for the community in which the college is located.

Beyond the obvious of opening its doors to enrich the Glassboro School District, it is recommended that the district and college establish a school and college relations committee to explore these opportunities of sharing resources, especially those of the college at reasonable cost. Ultimately both the college and the school would benefit. But, even more so would the students of the community. District, college and community officials should develop a planned working agreement in sharing all resources for the betterment of the total community. At a minimum, shared service opportunities already exist in areas of purchasing, operation of facilities, care of grounds maintenance, vehicles, fuel energy and gasoline. Reaching beyond for the academic benefit would be a small stretch for an educational institution such as Rowan University of New Jersey.

It is recommended that colleges pursue the Governor's January 29, 1997 budget message address initiative providing matching technology grants for colleges to link with school districts.

III. STATUTORY AND REGULATORY REFORM

The third and final section of this LGBR report, Statutory and Regulatory Reform, attempts to identify those areas where existing State regulations or statutory mandates appear to have an adverse effect on efficient and cost effective local operations. It is common for local officials to blame high costs and increased taxes on “State Mandates.” Each review team is charged with identifying those areas in the regulations and to report those brought to the attention of the team by local officials that have a negative impact. The findings summarized below will be reviewed by appropriate State agencies for the purpose of initiating constructive change at the State level.

AID IN LIEU FOR STATE INSTITUTIONS

Under the provisions of the Consolidated Municipal Property Tax Relief Act (CMPTRA), communities with large state owned tax exempt property such as state colleges receive Payment In Lieu of Taxes (PILOT) aid from the state. The amount of payment is based upon various factors such as community wealth, tax rates, property valuation, etc. Communities like Glassboro with lower real estate value and factors such as more low income and assisted housing receive less aid than do more affluent communities. The rationale is essentially that more taxable value is lost to the more affluent community since property value of state owned land is greater. In reality, with less tax “earning” value and the provision of equal or more services, the less affluent community loses more due to the need to raise taxes proportionately more to provide these services. Further, aid in lieu to college communities under the provisions of CMPTRA is allocated out of a greater pool for all state owned property (except park land). That is, aid is distributed on basis of displaced community property without consideration of impact of the institution on the local community. The same proportionate aid is provided for state owned property such as prisons, office buildings, parking garages, etc. with little or no requirement of services as to college towns where many community services are required.

The net loss of taxes versus aid in lieu in Glassboro is more than \$750,000 each year. The true loss is greater than \$1,000,000 when factoring in the cost of additional services required for the college. It is not realistic that the State make up this loss, nor is the tax burden on local residents due to the state property fair to them. This situation needs to be reviewed by the State with consideration of refactoring the distribution of aid to communities with state owned property on a more equitable basis due to local community conditions.

Another option would be to have state colleges and other state owned entities contribute directly to the communities a portion of the cost of services that are required to be added by the community as a result of their existence.

PUBLIC SCHOOLS CONTRACT LAW/PROTECTION OF DISTRICTS IN THIRD PARTY SUITS BETWEEN CONTRACTORS

Glassboro officials raised concern regarding current construction bidding laws. The district has been embroiled in a controversy over a defective roof at the three year old Bullock School. Despite being victim of a newly installed leaky roof the district has been enjoined in a law suit between contractors. Being the third party owner and needing to protect the interests of the board and community has resulted in high legal expense.

It is not uncommon to have one or more contractors sue another or others during or after the construction of a school or public building. This occurs when one or more are financially impacted by the failure or others to meet contractual requirements such as scheduling delays, material delivery, labor issues, etc. Often when this occurs, the owner/third party, i.e., the district, is named or must participate to protect its interests. This results in excessive legal fees during the course of litigation due to no fault on the part of the owner (district). Protection should be afforded to districts against costs incurred as a result of these actions.

In order to avoid these kinds of situations we suggest two solutions. First would be to make provision in all contracts to extend the performance bond period beyond the completion of the project. We recommend that a contractor be bonded for at least one year after completion of the project. We recommend further that any costs incurred by the district to resolve disputes be borne by the contractor as part of the surety bond.

Secondly, we recommend that bidding laws be modified to require warranties on all new construction for an extended period of time. This is already being practiced in the private sector in new home construction.

There is clearly a need for enforcement of bidding laws on local school district construction.

A second concern expressed by the district was the low bidder requirement without clear definition of “responsible bidder” as opposed to “a quality bidder.” A designated agency to provide guidance to districts embarking on major construction projects would address these needs.

Districts need to be held harmless when in third party suits absolving them of legal costs, particularly when their only involvement is that of owner. The litigants should bear the cost of these actions with the burden being placed upon the losing party or one found at fault.

RETIREMENT OF SCHOOL BUSES

NJAC Title 6:21-1.4(b) states “School buses, Type I and Type IIshall not be utilized for pupil transportation beyond the twelfth year from the date of manufacture ... or the end of the school year in which that year falls, whichever is later. Such buses, when used beyond the tenth year, shall have an annual inspection by the Division of Motor Vehicles prior to the ensuing school year (LGBR emphasis).

The safety and well being of children is of utmost concern and importance to everyone. This, however, should not be cause for needless and wasted expense of taxpayer dollars. The arbitrary limit of 12 years for use of Type I and II school buses in many instances is an unnecessary expense.

Many school buses are in excellent, well maintained and safe condition and some with relative low mileage after 12 years of use. This can best be illustrated by example. A school bus that makes a 12 mile run twice per day for 180 days for 12 years will have less than 52,000 accrued when this forced retirement occurs. Many of these vehicles have diesel engines with drive trains capable of functioning 250,000 to 300,000 miles with reasonable maintenance. Many of these vehicles receive excellent maintenance service. The required inspection after 10 years is an appropriate requirement. The 12 year limit is arbitrary. Some vehicles, as illustrated in the example, will have been used for only one fifth or less of their useful life when regulation forces retirement. It is our belief that the Division of Motor Vehicles is competent and capable of determining the road worthiness and safety of vehicles beyond 12 years.

It is recommended that the 12 year mandatory retirement of Type I and II school buses be eliminated and that their use be allowed to continue subject to annual inspection to determine road worthiness and safety by the Division of Motor Vehicles of all buses beyond 10 years of age.

BUS DRIVER VISION CHECKS

N.J.S.A. 39:3-10 et.seq. states that all bus drivers shall have an initial vision exam when licensed and then once every ten years. With this span of time this requirement is often neglected. Opthamologists recommend eye exams every two years for general health care. When considering the safe transport of children, it would appear this would be a more reasonable standard. It is recommended that the licensing requirement for school bus commercial drivers be revised to include more frequent and enforced vision examinations. It is suggested that school health officials provide vision screenings of bus drivers periodically as they do with students.

LOCAL GOVERNMENT BUDGET REVIEW

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APPENDICES

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APPENDIX A SURPLUS

APPENDIX B ENERGY

Appendix B is a comparison of energy use before and after the energy retrofit of 1996.

Part One: Comparison of Kilowatt Hours Usage

This chart delineates the daily kilowatt hour usage for each billing cycle. Each month designated on the chart is the month in which the cycle ended. Use this chart by filling in the 1997 section and calculating the daily use. Then subtract the 1997 daily use from the 1995 daily use, the savings in KWH will be the difference.

Part Two: Comparison of Gas Usage.

This chart delineates the daily gas usage (expressed in therms) and degree days for each billing cycle. Each month designated on the chart is the month in which the cycle ended. Use this chart by filling in the 1997 section for therms used and degree days in each cycle. Savings can be calculated by dividing the 1997 degree days by the 1995 degree days then multiplying the result by the 1995 therms used then subtract the 1997 therms used. The energy savings is the difference in therms.

Several variables that will effect energy use that are not factored out of this formula are as follows.

1. The number of actual school days in each cycle
2. The number of students present.
3. The thermostat setting in each room.
4. The number of windows open while the heat is running.

APPENDIX C SPECIAL EDUCATION